

PALM BEACH COUNTY, FLORIDA, WATER UTILITIES DEPARTMENT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Years Ended September 30, 2023 and 2022



**PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT**

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED SEPTEMBER 30, 2023 AND 2022

An Enterprise Fund Department of the Palm Beach County, Florida
Board of County Commissioners

Finance and Accounting Section of the
Water Utilities Department of Palm Beach County

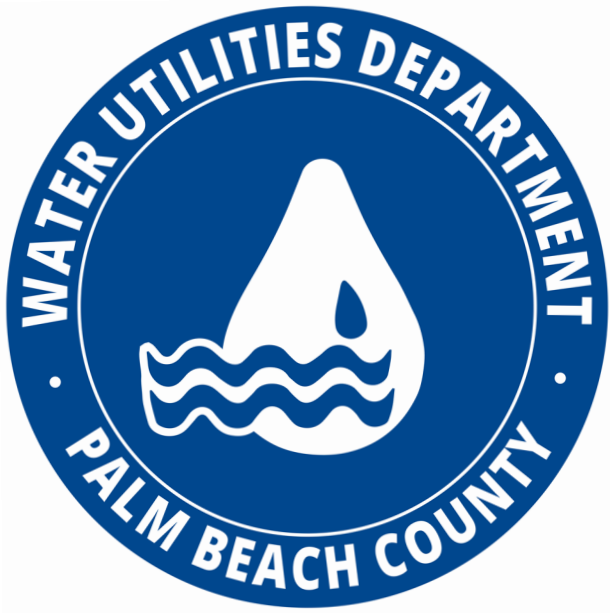




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Photograph by Rick Rivers

INTRODUCTORY SECTION



Photograph by Rick Rivers



**Water Utilities Department
Administration**

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**Palm Beach County
Board of County
Commissioners**

Maria Sachs,
Mayor

Maria G. Marino,
Vice Mayor

Gregg K. Weiss

Michael A. Barnett

Marci Woodward

Sara Baxter

Mack Bernard

County Administrator

Verdenia C. Baker

*“An Equal Opportunity
Affirmative Action Employer”*

March 29, 2024

Honorable Maria Sachs, Mayor, and Members of the
Palm Beach County Board of County Commissioners
Verdenia C. Baker, County Administrator
West Palm Beach, Florida

Dear Ladies and Gentlemen:

The Annual Comprehensive Financial Report (ACFR) of the Palm Beach County Water Utilities Department (the Department) for the fiscal years ended September 30, 2023 and September 30, 2022, is hereby submitted. The Department is an enterprise fund of the Palm Beach County Board of County Commissioners (BCC). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations, and cash flows of the Department. All disclosures necessary to enable the reader to gain an understanding of the Department's financial activities have been included.

INDEPENDENT AUDITOR'S REPORT

RSM US LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the Department's financial statements for the fiscal years ended September 30, 2023 and September 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

PROFILE

The Water Utilities Department is an enterprise fund operation of the BCC. The Department provides potable water, wastewater, and reclaimed water services to approximately 616,000 people located within approximately 1,300 square miles of the primarily unincorporated area of the County. In addition to serving unincorporated areas, the Department provides services directly to the residents and businesses of the Village of Royal Palm Beach, the Cities of Greenacres, Belle Glade, Pahokee, South Bay and the Towns of Haverhill and Loxahatchee Groves. Through inter-local agreements, the Department also provides services directly to the Village of Palm Springs, the Town of Lake Clarke Shores, the Cities of Lake Worth Beach, Boynton Beach, Westlake and Atlantis.

Palm Beach County is a political subdivision of the State of Florida and is governed by the State Constitution, general laws of the State of Florida, and the County's Charter. The legislative and governing body of the County is the seven-member BCC.

In accordance with the County's Charter, the Clerk & Comptroller is the Clerk of the BCC and is the official custodian of County funds and the accounting records of and for the Department. As an operating unit of the BCC, the Department reports directly to County Administration. An eleven-member Citizens' Advisory Board provides guidance to the Department and to the BCC on rate and policy issues.

The Department applies the provisions of the Governmental Accounting Standards Board (GASB) Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 requires that management's discussion and analysis of the Department's financial performance be included as an integral part of the financial statements. Your attention is directed to page 15 for this information.

FINANCIAL CONDITION

Palm Beach County is the third most populous county in the State of Florida. The real estate and construction industries comprise the mainstays of the County's economic base. The Department's service area continues to reflect primarily residential customers, plus some commercial and light industrial services. The COVID-19 worldwide pandemic contributed to an uptick in the unemployment rate in recent years, but remained the same at 3.6% for both 2023 and 2022 respectively; with a ten-year average of 5.1% and 5.5%. The growth rate in dwelling units for the Department's service area also remained the same at 1.0% for both 2023 and 2022, respectively - slightly below the five-year averages of 1.1% and 1.2%. These factors, accompanied by inflation, have affected the Department financially.

To offset the impact of these factors, the Department has implemented several cost-cutting measures. Through these efforts and the implementation of rate indexing, cash reserves as of September 30, 2023 and 2022, were 182% and 211%, respectively, of annual operating expenses net of depreciation and amortization and exceeded the minimum benchmark of 25%. The Department's aggressive turn-off policy continues to yield positive results as bad debt expense for 2023 and 2022 was 0.10% and 0.03%, respectively, compared with the five-year averages of 0.11% and 0.16% for 2023 and 2022, respectively. These numbers are well within industry standards. Expenses are expected to continue to be subject to upward pressure from increased energy and chemical costs, and growth is expected to remain at current levels. These factors were considered when preparing the Department's

budget for fiscal year 2024. The budget forecasts that revenues will continue to be sufficient to fund operating expenses, debt service, a portion of the Department's capital projects expenditures, and sufficient reserves.

MAJOR ACCOMPLISHMENTS & INITIATIVES

For Fiscal Year 2022 - 2023: The Department continued its commitment to becoming a *Best in Class Utility* through the continued implementation of five narrowly focused Strategic Objectives; Safety, Capital Improvement Projects (CIP), Program Management, Asset Management, Communication and Strategic Planning.

The Department's many accomplishments over the past 24 months include:

- Earned three awards from the Florida Water Environmental Assoc. Regulatory Compliance Specialist Stephen Brown earned the *Albert B. Herndon Award*, for meeting or exceeding federal and state pretreatment guidelines and two *Earle B. Phelps Honorable Mention Awards*, for the Belle Glade and Pahokee plants.
- Globally recognized in Asset Management sector at the 36th International Maintenance Conference. The Utility was awarded the Uptime Award for "Best Asset Management Program."
- The next phase of WUD's Advanced Metering Infrastructure (AMI) was implemented October 2022. This implementation consisted in deploying the myAMI Customer Portal, a self-service web based application, which provides customers with near real time water usage data. Customers can create a user account to monitor their hourly and daily usage. They have the option to set up customized usage alerts that can be sent via text or email. Oftentimes, alerts have helped customers detect leaks or other issues within hours allowing them to act fast to find and correct the problem. This new technology provides our customers greater control and peace of mind even when they are away from their homes or businesses.
- Earned two Safety Council of Palm Beach County Special Recognition Awards. The team of Matt Divine and Melody Tungol implemented a new graphical interface, which tracks automobile accidents, employee injuries, and near miss events. This interface displays in easy an easy to digest format safety events allowing the WUD

managers and Directors to spot trends and take affective action to prevent further issues. The Utility Safety Coordinator (Matt Divine) also uses this interface to recognize safety trends early and then tailor specific safety training.

Safety

The Department continues to strengthen the safety program by constructively working with all staff members to build a strong safety culture. Specifically, through an increased focus on providing new training opportunities and more direct assistance with supervisors and staff from the WUD Safety Team. Since 2017 total injuries have been reduced by over 44% and preventable vehicle accidents by 35%.

- Continued a one-day safety orientation training for all new employees, which includes classroom training, on-line learning and open discussion. 30 new employees graduated from the Department safety program in 2023.
- Continued our Behavior Based Safety (BBS) Observations in support of our BBS program. Department personnel performed 723 BBS Observations in 2023.
- WUD introduced a Featured Monthly Safety Meeting to WUD's existing impressive training format. This Featured Safety Meeting brings in subject matter experts to speak to WUD staff on various topics throughout the year. The presentation is available for all WUD staff to view and obtain valuable knowledge that will keep them safe.
- Hired a safety professional experienced in electrical safety. This individual has already audited electrical safety at all major WUD facilities and is working with our Maintenance Division to fine-tune electrical safety.
- Produced 134 Lockout/Tagout (LOTO) procedures at WTP #11. This equated to approximately 500 valves and circuit breakers that were identified, isolated, verified and referenced in the LOTO procedures. In the future, these documents will be imported into Maximo, the Department's asset management tool, which will automatically provide them

to plant technicians before maintenance activities start. The LOTO/JHA team will move to WTP #3 next and prepare similar documents.

Program Management

The Department continues to implement Program Management to successfully deliver larger projects as the implementation of the \$400 million Capital Improvement Plan (CIP) moves forward. Program Management allows the Department to direct groups of related projects in a coordinated way to obtain control and benefits that are not always available when managing projects on an individual basis. The Department is successfully increasing its annual capital expenditures, has seen marked improvement in the consistency and transparency of project delivery and is promoting staff development within the program. Department staff, in cooperation with the consultants that have been brought on to assist in the implementation of Program Management, have successfully implemented project packages.

During the past 12 months, the Department has:

- Completed the Integrated Utility Master Plan to evaluate and determine expansion and improvement needs for the water, wastewater and reclaimed water systems by examining each system's requirements as an integrated system that will help guide utility decisions, budget appropriations and project delivery schedules.
- Expanded program staff training and education to improve efficiency in the implementation of the CIP, such as the achievement of Project Management Professional certification by team members.
- Utilized the newly created county-wide PPM regarding design-build services, in order to expedite the delivery of larger projects.
- Secured multiple grant funding from federal, state, and local to support the delivery of CIP projects
- Successfully completed project packages on time and within budget.

Asset Management

The Department has achieved compliance and certification for the International Standard of ISO 55001 (ISO) by completing an independent audit of WUD's readiness in October 2021. PBCWUD was identified to be the first Water Utility in North America to achieve this certification. This certification demonstrates the continuous growth of our asset management program and Capital Improvement Plan. The Department conducted surveillance audits in June 2022 and 2023 to ensure our continued compliance with ISO 55001 is maintained. As leaders in the industry, the Department has presented at multiple conferences such as North America Institute of Management, Florida Water Environment Association, and International Maintenance Conference. The department has also started a South Florida Chapter of the Institute of Asset Management.

As the Department progresses through its asset management journey, we will continue to enhance our data management systems to allow for data driven decision making in everyday activities along with our Capital Improvement Plan. These systems include Maximo Computerized Maintenance Management System (CMMS), Geographical Information System (GIS), Supervisory Control Alarming Data Acquisition (SCADA), Payroll Data (HRIS) and Business Intelligence software (Tableau).

Award: Corporate Transformation Award by North America Institute of Asset Management was presented to the Department for the journey of transforming our Asset Management Program.

Communication

The Department is committed to keeping all employees and stakeholders informed about developments and opportunities within the organization through various platforms, resources, and events. The Public Information (PI) division is tasked with both internal and external communications. This includes maintaining a robust social media presence to enhance community outreach and engagement. Our PI team utilizes several tools to keep constituents informed including the external website pbcwater.com press releases, and a variety of educational and promotional videos. For our internal audience, the PI Team publishes the *WUD Journal*, an employee-focused magazine quarterly. The Department's SharePoint site has been developed to be a one-stop resource for information,

events, and document sharing. Additionally, employee engagement events, such as "Harvest Fest" and the "WUD Olympics" are held on a semi-annual basis. Future plans to support this Objective include:

- Enhanced document and content management through the internal SharePoint site to allow for ease in information access and exchange, as well as providing for increased efficiency in the production of work products.
- Building consistency in documents with the creation of a style guide and supporting assets allowing employees to focus on content during the production of a variety of core documents and forms.
- Development of a digital *WUD Journal* called the "WUD Pipeline" to be sent bi-weekly. This digital internal employee newsletter aims to reach employees faster, ensuring they are kept up to date with news, messages, and helpful tips. Topics will include - Departmental news, employee accomplishments, new hires, IT tips for cybersecurity, wellness, and more.
- Expanding employee training with more interactive modules to provide an enhanced measurement of comprehension, as well as cross-training that will result in a more highly skilled and flexible workforce, resulting in the ability to respond to future needs and challenges more effectively.
- Creation of a quarterly external stakeholder newsletter providing updates and important news in a cost-effective medium.
- Increase the number of social platforms to broaden the audience and reach of the Utility messages to a larger targeted group.
- Implementation of a public records portal to allowing online records requests with enhanced processing speed and transparency.

Strategic Planning

The Department continues to strive to achieve its overarching Mission to provide the *Best Water, Best Service and Best Environmental Stewardship* through the further implementation of the latest five (5) year Strategic Sustainability Plan (SSP). The SSP identifies general overarching goals for the Department, which will be realized by implementing the "Circles of

Excellence” Initiatives. The Initiatives include Workforce, Community, Environment, Infrastructure, Financial Responsibility, and Operational Excellence. Strategies and Key Performance Indicators (KPI) were subsequently assigned to the applicable Goals and Initiatives to enable the Department to make the necessary adjustments to map and measure progress and to develop an organizational culture that is focused on continuous improvement.

Future actions to implement this Objective include:

- The development of individual performance plans to incorporate into the larger scale strategic planning process.
- Implementation of the KPIs throughout the Department to further achieve the Strategic Objectives of the Department.
- Annual assessment of the achievement of the strategic plans and necessary adjustments to adaptively manage the Department in the face of changing circumstances.

OTHER INFORMATION

Internal Control: In conformity with the internal control procedures established by the County, the Department is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Department are protected from loss, theft, or misuse. Additionally, the Department’s internal controls ensure that adequate accounting data is compiled to allow for the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgment by management.

Budgetary Control: The Department’s budget is included in the County’s annual budget, which is prepared pursuant to Chapter 129, Florida Statutes, and represents the legal authority to levy taxes and expend funds for all County purposes. The Department’s budget is balanced, as required by Florida Statutes, with the inclusion of reappropriated beginning fund balances. Encumbrance accounting is applied during the year. Budgetary control is maintained in the County’s accounting system at the appropriation unit level. As part of the budget

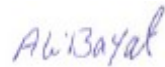
process, open encumbrances lapse at year-end and must be reappropriated in the following year and are, therefore, not reported as reserved fund balance at year-end. Activities of the operating accounts (Revenue; Operations and Maintenance; Sinking Fund Accounts, including Bond Interest, Bond Principal, Bond Redemption, and Debt Service Reserve; Renewal and Replacement; Capital Improvement; and Connection Fee) required by covenants securing the Department’s indebtedness are included in the annual budget.

Award: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Palm Beach County, Florida, Water Utilities Department for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022. This was the twenty-fourth consecutive year that the Department has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

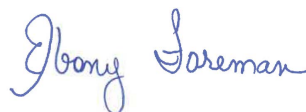
A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment: The preparation of the Annual Report was made possible by the dedicated services of the entire staff of the Finance and Accounting Section of the Finance and Administration Division. Each member of the Finance and Accounting Section has our sincere appreciation for the contributions made in the preparation of this report.

Very truly yours,



Ali Bayat
Department Director



Ebony Foreman
Finance & Administration Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Palm Beach County, Florida
Water Utilities Department**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

Palm Beach County Leadership



Board of County Commissioners

As of September 30, 2023



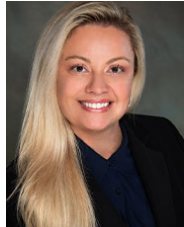
Gregg K. Weiss
Mayor
District 2



Marci Woodward
Commissioner
District 4



Maria Sachs
Vice Mayor
District 5



Sara Baxter
Commissioner
District 6



Maria G. Marino
Commissioner
District 1



Mack Bernard
Commissioner
District 7



Michael A. Barnett
Commissioner
District 3

County Administration



Verdenia C. Baker
County Administrator

Verdenia Baker, a certified government financial manager, was chosen as the next Palm Beach County Administrator in 2015. She oversees 6,800 positions and balances a \$6 billion budget. Palm Beach County is Florida's third largest county with a population of 1.5 million and growing.



Todd J. Bonlarron
Assistant County Administrator

Todd J. Bonlarron joined the county in 1999 as Executive Director of the Legislative Delegation. Mr. Bonlarron oversees Cooperative Extension Service, Criminal Justice Commission, Intergovernmental Affairs, the Library system, Palm Tran, Public Safety, and Water Utilities.



Water Utilities Department



Water Utilities Advisory Board

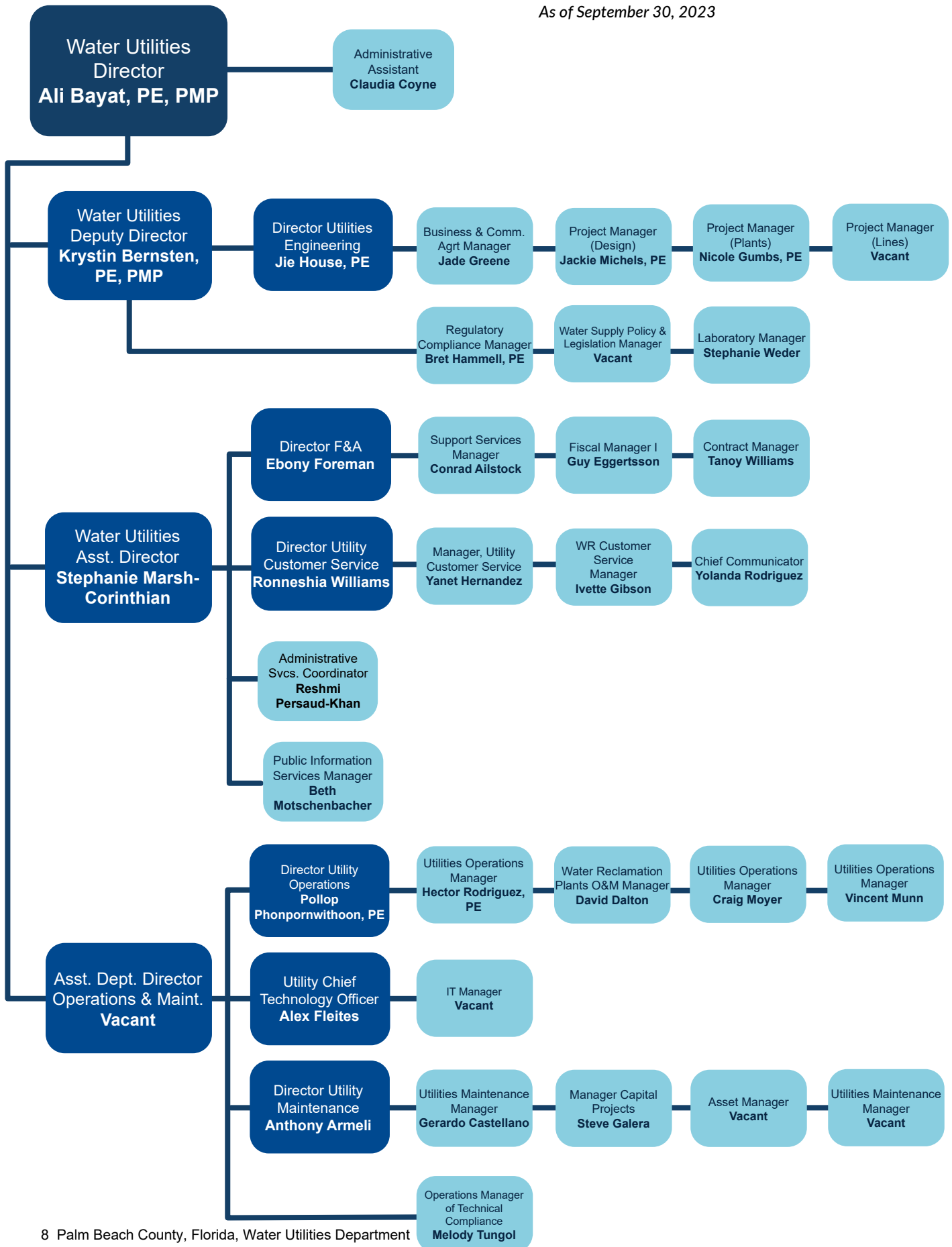
Pictured (l-r): Carlos Cedeno, Reg Miller, Arnold Katz, Myrna Rosoff, Rob Hawkins, Carolyn Pomeranz, William Nuss, Bernard Castleman, Thomas Stinson. Not pictured: Regina Bohlen, Brandy Robinson.



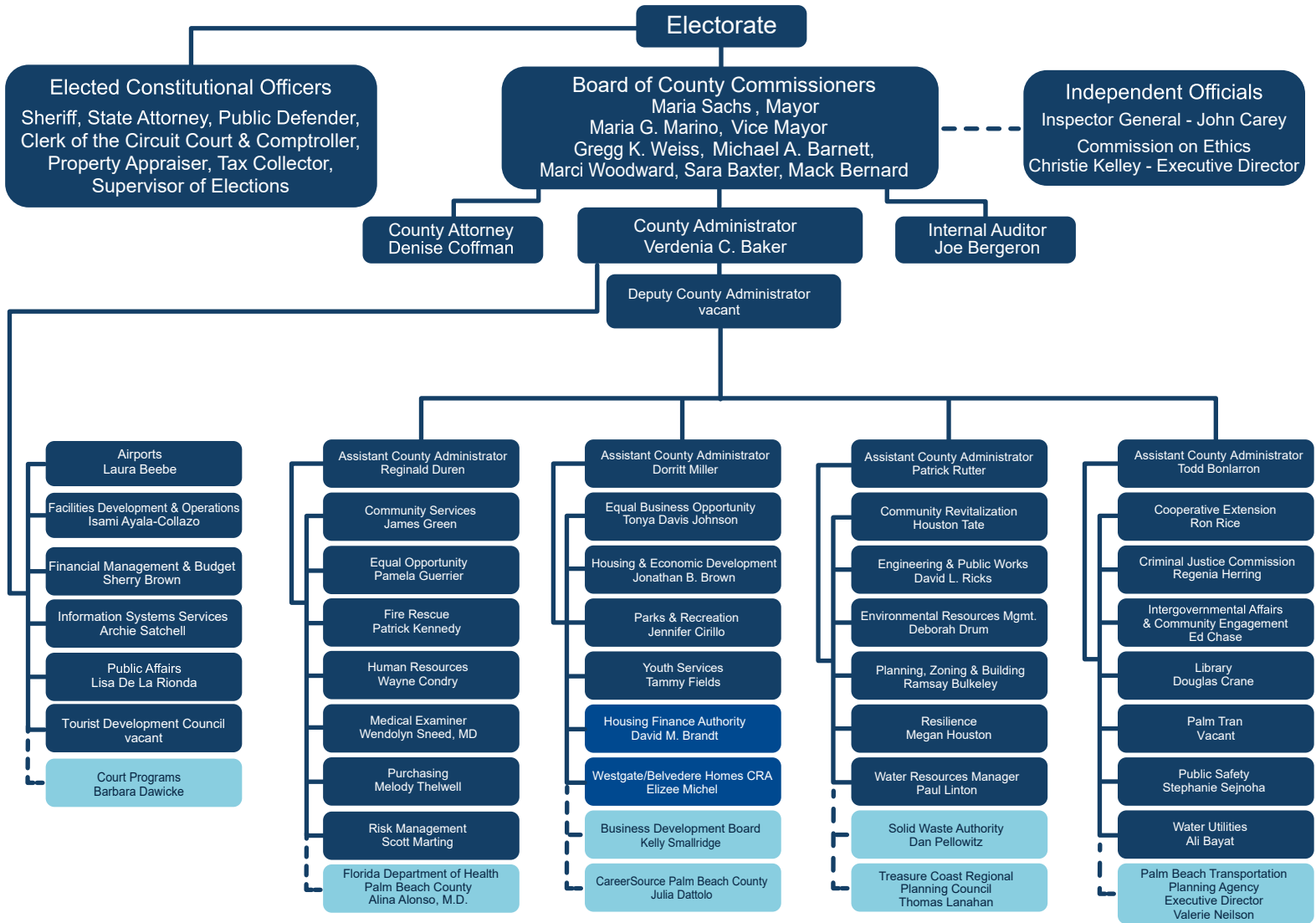
Ali Bayat, P.E., PMP
Director

PBCWUD MANAGEMENT STAFF






As of September 30, 2023



Palm Beach County Board of County Commissioners Organizational Structure

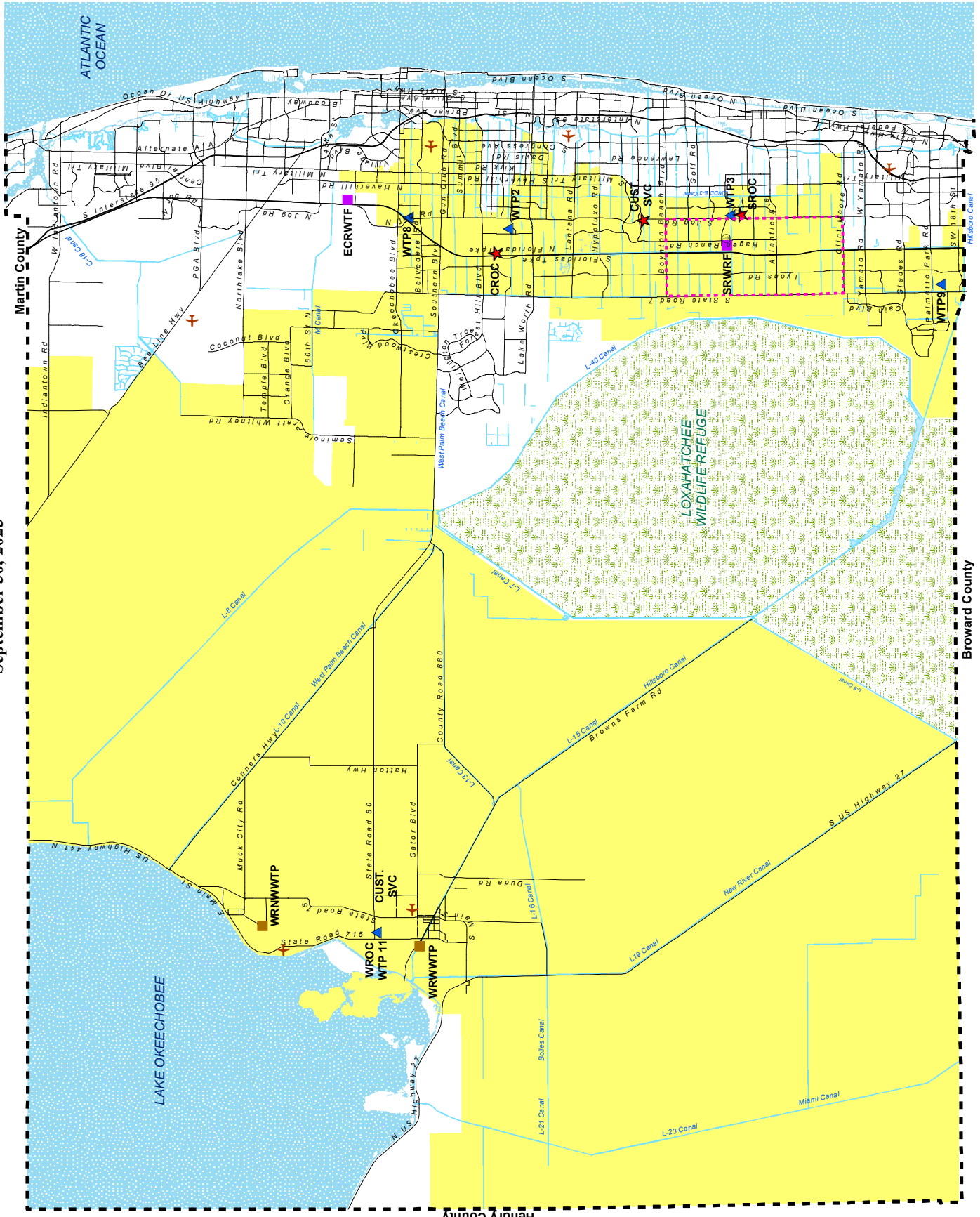


Legend

-  Solid line indicates a direct line of authority.
-  Dotted line indicates a partial line of authority or funding.
-  County departments, offices, and agencies.
-  Agencies with an administrative tie to Board of County Commissioners.
-  Agencies with a relationship to the Board of County Commissioners.



PALM BEACH COUNTY, FLORIDA WATER UTILITIES DEPARTMENT SERVICE AREA (SA) AND MAJOR FACILITIES September 30, 2023



- Legend**
- Wastewater Treatment Plant
 - Water Reclamation Plant
 - ▲ Water Treatment Plant
 - ★ Administration
 - Wetlands
 - Palm Beach County Limits
 - Mandatory Reclaimed SA
 - P.B.C. W.U.D. Service Area



FINANCIAL SECTION



Photograph by Rick Rivers



RSM US LLP

Independent Auditor's Report

Honorable Board of County Commissioners
Palm Beach County, Florida Water Utilities Department
Palm Beach County, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Palm Beach County, Florida Water Utilities Department (the Department), an enterprise fund of Palm Beach County, Florida (the County), as of and for the years ended September 30, 2023, and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Department, an enterprise fund of the County, as of September 30, 2023, and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Department, an enterprise fund of the County, and do not purport to, and do not, present fairly the financial position of the County, as of September 30, 2023, and 2022, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the pension and other post-employment benefit plans, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Department's financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

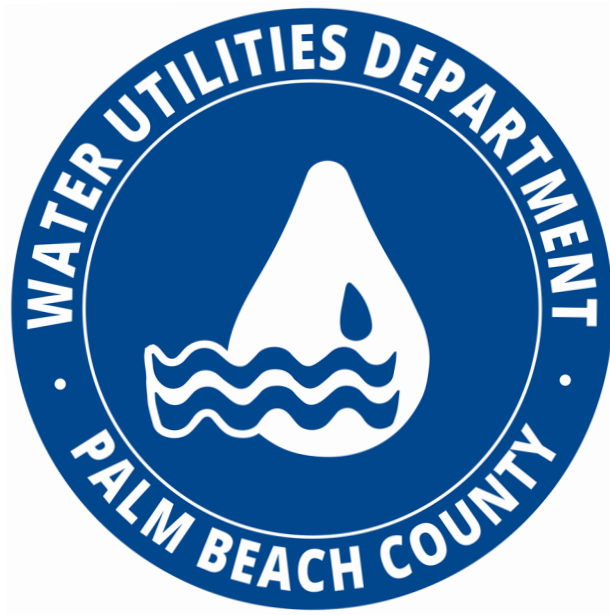
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Department's internal control over financial reporting and compliance.

RSM US LLP

Fort Lauderdale, Florida
March 28, 2024



WATER UTILITIES DEPARTMENT OF PALM BEACH COUNTY, FLORIDA Management's Discussion and Analysis (unaudited)

This section of the Department's annual financial report presents our discussion and analysis of the Department's financial performance during the fiscal years ended September 30, 2023 (FY 2023) and September 30, 2022 (FY 2022). Please read it in conjunction with the preceding transmittal letter and the financial statements that follow.

FINANCIAL HIGHLIGHTS

- The Department's net position increased by \$65.7 million, or 4.4%, during FY 2023 and increased by \$65.3 million, or 4.5%, during FY 2022.
- Long-term debt (net of the current portion) decreased by \$8.3 million, or 6.3%, in FY 2023 compared to a decrease of \$8.3 million, or 5.9%, in FY 2022.
- Operating revenues in FY 2023 totaled \$241.1 million, an increase of \$8.7 million, or 3.7%, compared with \$232.4 million in FY 2022, an increase of \$5.8 million, or 2.6% from the previous year. FY 2023 included the effect of rate indexing and a 1.12% increase in the customer base. FY 2022 included the effect of rate indexing and a 0.99% increase in the customer base.
- Operating expenses before depreciation and amortization and equity interest in net gain of joint venture, totaled \$174.7 million, an increase of \$28.7 million, or 16.8%, in FY 2023 compared with \$149.6 million, an increase of \$12.8 million, or 9.4%, for FY 2022.
- Non-operating income increased by \$14.9 million, or 1,241.7%, in FY 2023 compared to a FY 2022 increase of \$1.0 million, or 500.0%.
- The Department showed net income before contributions, transfers and special items of \$28.7 million for FY 2023, a decrease of \$1.9 million, or 1.9%, and showed net income before contributions of \$30.6 million for FY 2022, a decrease of \$7.0 million, or 18.6%.

FINANCIAL STATEMENTS OVERVIEW

Financial Reporting Entity - The Water Utilities Department is an enterprise fund operation of the Palm Beach County Board of County Commissioners

(BCC). As such, the Department's financial operations are maintained on the full accrual basis of accounting: revenues are recognized when earned, and expenses are recognized when incurred. The Department provides potable water, wastewater, and reclaimed water services to approximately 616,000 people located within approximately 1,300 square miles of the primarily unincorporated area of the County. In addition to serving unincorporated areas, the Department provides services directly to the residents and businesses of the Village of Royal Palm Beach, the City of Greenacres, and the Town of Haverhill. Through inter-local agreements, the Department also provides services to the Village of Palm Springs and the Cities of Boynton Beach, and Atlantis. The Cities of Belle Glade, Pahokee and South Bay are now directly served as well since the Department's May 1, 2013 absorption of the Glades Utility Authority.

Palm Beach County is a political subdivision of the State of Florida and is governed by the State Constitution, general laws of the State of Florida, and the County's Charter. The legislative and governing body of the County is the seven-member BCC. In accordance with the County's Charter, the Clerk & Comptroller is the Clerk of the BCC and is the official custodian of County funds and the accounting records of and for the Department. As an operating unit of the BCC, the Department reports directly to County Administration. An eleven-member Citizens' Advisory Board provides guidance to the Department and to the BCC on rate and policy issues.

Financial Statement Structure - In addition to the preceding report of the County's independent certified public accountants, the annual financial statements consist of three segments:

Management's Discussion and Analysis, which provides explanations for and analyses of the Department's financial activities based upon currently known facts, conditions, and decisions of the Department's management. While primarily focused on current year results compared with prior years, this discussion also addresses certain long-term issues, which may, in management's opinion, impact the Department's financial performance.

Basic Financial Statements depict the Department's financial position as of September 30, 2023 and 2022,

along with earnings performance and cash flow information. The accompanying notes explain some of the financial statement data and provide information that is more detailed.

Supplementary Information, presents the following:

- The Department’s share of the Florida Retirement System Pension Plan liability and schedule of contributions to said plan.
- The Department’s share of the Health Insurance Subsidy Pension Plan liability and schedule of contributions to said plan.
- Schedule of Changes in the Total Other Post-Employment Benefits Liability and Related Ratios, which compares the Department’s results of operations with the original and final budgetary goals.

FINANCIAL OPERATIONS OF THE DEPARTMENT

Net Position: The Department’s net position increased by \$65.7 million, or 4.4%, for the fiscal year ended September 30, 2023, compared to a 5.6%, or \$65.3 million increase in the prior year. An increase in capital assets of \$56.2 million was the major component of the increase in FY 2023. An increase of capital assets of \$36.6 million was the major component of the increase in FY 2022.

Table 1 presents the Department’s net position (dollars in millions) for the fiscal years ended September 30, 2023, 2022, and 2021. Completed

projects of \$23.7 million, plus an increase in construction in progress of \$91.0 million, and, less depreciation and amortization of \$53.8 million were the major components of the increase in net capital assets in FY 2023. Completed projects of \$24.2 million, plus an increase in construction in progress of \$76.5 million, less depreciation and amortization of \$53.4 million, were the major components of the increase in net capital assets in FY 2022. Construction projects totaling \$23.7 million were completed in FY 2023, which represented a 2.1% decrease from the FY 2022 total of \$24.2 million.

Long-term debt (net of the current portion) decreased by \$8.3 million, or 6.3%, in FY 2023 compared to a \$8.3 million, or 5.9% decrease, in the previous year. The decrease in both years was attributable to principal repayments.

The Department’s operating revenues totaled \$241.1 million in FY 2023 and \$232.4 million in FY 2022, which represented increases of 3.7% and 2.6%, respectively, for the years. FY 2023 included the effect of rate indexing and a 1.12% increase in the customer base. FY 2022 included the effect of rate indexing and a 0.99% increase in the customer base.

Operating expenses before depreciation and amortization and equity interest in net gain of joint venture were \$174.7 million and \$149.6 million for the years ended FY 2023 and FY 2022, respectively. These represented an increase of \$25.1 million or 16.8% in FY 2023 compared with a \$12.8 million or 9.4% increase in FY 2022. The primary reasons for the changes are shown in Table 2 on the following page.

Table 1 – Summary of Net Position – (dollars in millions)

	<u>2023</u>	<u>2022</u>	%	<u>2021*</u>	%
			<u>Change</u>		<u>Change</u>
Current and other assets	\$507.4	\$501.1	1.3	\$463.6	8.1
Capital assets, net	<u>1,268.5</u>	<u>1,212.3</u>	<u>4.6</u>	<u>1,175.8</u>	<u>3.1</u>
Total assets	<u>1,775.9</u>	<u>1,713.4</u>	<u>3.6</u>	<u>1,639.4</u>	<u>4.5</u>
Deferred outflows of resources	16.8	18.5	-9.2	16.6	11.4
Long-term net revenue bonds outstanding	123.6	131.9	-6.3	140.2	-5.9
Current portion of revenue bonds	7.6	7.3	4.1	7.1	2.8
Other liabilities	85.4	83.0	2.9	44.0	88.6
Total liabilities	<u>216.6</u>	<u>222.2</u>	<u>-2.5</u>	<u>191.3</u>	<u>16.2</u>
Deferred inflows of resources	<u>2.9</u>	<u>2.4</u>	20.8	<u>22.7</u>	-89.4
Net position:					
Net investment in capital assets	1,118.4	1,052.9	6.2	1,023.1	2.9
Restricted	8.1	7.9	2.5	7.7	2.6
Unrestricted	<u>446.5</u>	<u>446.5</u>	0.0	<u>411.2</u>	8.6
Total net position	<u>1,573.0</u>	<u>\$1,507.3</u>	<u>4.4</u>	<u>\$1,442.0</u>	<u>4.5</u>

*Restatement due to implementation of GASB Nos. 87 & 89.

Table 2 – Operating Expense Changes (dollars in millions)

<u>FY 2023 Changes:</u>	
Purchased wastewater treatment	\$6.2
Maintenance of buildings, plants and pipelines	5.4
All other accounts net increase	<u>13.5</u>
Total operating expense change for FY 2023	<u>\$25.1</u>
<u>FY 2022 Changes:</u>	
Pension expense	\$5.0
System maintenance	3.1
All other accounts net increase	<u>4.7</u>
Total operating expense change for FY 2022	<u>\$12.8</u>

A comparative summary of changes in net position for the years ended September 30, 2023, 2022, and 2021 (dollars in millions) is presented in Table 3.

Table 3 – Change in Net Position (dollars in millions)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>	<u>2021</u>	<u>% Change</u>
Operating revenues					
Charges for utility service	\$235.7	\$226.1	4.2	\$221.2	2.2
Other operating revenues	<u>5.4</u>	<u>6.3</u>	-14.3	<u>5.4</u>	16.7
Total operating revenues	<u>241.1</u>	<u>232.4</u>	3.7	<u>226.6</u>	2.6
Operating expenses before depreciation and amortization and equity interest in net loss of joint venture	174.7	149.6	16.8	136.8	9.4
Depreciation and amortization and equity interest in net gain of joint venture	<u>53.8</u>	<u>53.4</u>	0.7	<u>52.4</u>	1.9
Total operating expenses	<u>228.5</u>	<u>203.0</u>	12.6	<u>189.2</u>	7.3
Net operating income (loss)	<u>12.6</u>	<u>29.4</u>	-57.1	<u>37.4</u>	-21.4
Nonoperating revenues (expenses)					
Investment income	17.3	4.2	311.9	3.9	7.7
Interest expense	-3.2	-3.3	-3.0	-3.5	-5.7
Engineering fees	1.7	1.0	70.0	0.7	42.9
Engineering expenses	-1.1	-0.9	22.2	-0.8	12.5
Other	<u>1.4</u>	<u>0.2</u>	-600.0	<u>-0.1</u>	-300.0
Total non-operating revenues (expenses)	<u>16.1</u>	<u>1.2</u>	1,241.7	<u>0.2</u>	500.0
Income (loss) before capital contributions and transfers from County	28.7	30.6	-6.2	37.6	-18.6
Capital contributions	39.2	33.2	18.1	38.3	-13.3
Transfers from primary government	0.0	1.6	-100.0	0.1	1,500.0
Transfers to primary government	<u>-2.2</u>	<u>-0.1</u>	2,100.0	<u>-0.1</u>	0.0
Change in net position	65.7	65.3	0.6	75.9	-14.0
Beginning net position	<u>1,507.3</u>	<u>1,442.0</u>	4.5	<u>1,366.1</u>	5.6
Net position, ending	<u>\$1,573.0</u>	<u>\$1,507.3</u>	4.4	<u>\$1,442.0</u>	4.5

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2023 and September 30, 2022, the Department had \$1,268.5 million and \$1,212.3 million, respectively, invested in a wide range of capital assets, including water treatment plants, water reclamation facilities, pipelines, and three regional operations centers to serve the 1,300 square mile service area. As Table 4 shows, FY 2023 represents a \$56.0 million, or 4.6%, increase over the prior year (dollars are in millions, net of accumulated depreciation and amortization). FY 2022 amounts increased by \$36.2 million, or 3.1%, from the previous year. Major capital asset additions for the two years are shown in Table 5. For more detailed information on capital assets, please see Note 5.

The Department’s fiscal year 2024 capital budget anticipates spending \$368.2 million, a decrease of \$7.0 million, or 1.9%, from the previous year’s budget of \$375.2 million. Major projects include:

- Improvements to Southern Region Water Reclamation Facility including Green Cay Wetland Expansion (\$81.8 million);
- Broward Reclaimed Water System (\$36.0 million);
- Water Main Improvements (\$36.0 million);

These projects will be financed using existing funds, cash generated by operations, connection fees received from developers, and grants.

Table 4 - Change in Capital Assets Net of Accumulated Depreciation and Amortization (dollars in millions)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>	<u>2021*</u>	<u>% Change</u>
Utility plants and pipelines	978.4	\$988.7	-1.0	\$998.1	-0.9
Buildings	77.5	75.2	3.1	78.8	-4.6
Equipment and vehicles	21.6	24.6	-12.2	27.3	-9.9
Land	15.6	15.6	0.0	15.6	0.0
Easements	1.7	1.7	0.0	1.7	0.0
Right-to-use assets-equipment	0.2	0.2	0.0	0.3	-33.3
Construction in progress	<u>173.5</u>	<u>106.5</u>	62.9	<u>54.3</u>	96.1
Total	<u>1,268.5</u>	<u>\$1,212.5</u>	4.6	<u>\$1,176.1</u>	3.1

*Restatement due to implementation of GASB Nos. 87 & 89.

Table 5 - Major Capital Asset Additions and Deletions (dollars in millions)

<u>FY 2023 Additions:</u>	
Utility Adjustment Belle Glade Resurfacing	\$3.5
System Wide Water Main Improvements	3.3
<u>FY 2023 Deletions:</u>	
None	\$0.0
<u>FY 2022 Additions:</u>	
Wellfield Rehabilitations	\$10.1
Improvements Water Treatment Plant No.8	\$2.4
<u>FY 2022 Deletions:</u>	
None	\$0.0

Debt Administration: As shown in Table 6, the Department’s long-term debt (net of the current portion) was \$127.2 million on September 30, 2023 a decrease of 8.3 million, or 6.1%. The balance was \$135.5 million on September 30,

2022, a decrease of \$8.3 million, or 5.8% from the previous year’s figure of \$143.6 million. More detailed information on the Department’s revenue bonds payable is presented in Note 6 to the financial statements.

Table 6 – Change in Long-Term Debt (dollars in millions)

	<u>2023</u>	<u>2022</u>	<u>% Change</u>	<u>2021</u>	<u>% Change</u>
Revenue bonds (backed by net revenues)	123.4	\$130.1	-5.1	\$136.6	-4.8
Notes payable	4.4	5.1	-13.7	5.7	-10.5
Plus unamortized bond premium	<u>3.4</u>	<u>4.1</u>	-17.1	<u>5.0</u>	-18.0
Net revenue bonds	131.2	139.3	-5.8	147.3	-5.4
Leases	0.2	0.2	0.0	0.3	-33.3
Compensated absences	<u>3.9</u>	<u>3.8</u>	2.6	<u>3.7</u>	2.7
Total long-term debt	135.3	143.3	-5.6	151.3	-5.3
Current portion of long-term debt:					
Revenue bonds	7.0	6.7	4.5	6.5	3.1
Notes payable	0.6	0.6	0.0	0.6	0.0
Leases	0.1	0.1	0.0	0.1	0.0
Compensated absences	<u>0.4</u>	<u>0.4</u>	0.0	<u>0.3</u>	33.3
Total current portion of long-term debt	<u>8.1</u>	<u>7.8</u>	3.8	<u>7.5</u>	4.0
Long-term debt (net of current portion)	<u>\$127.2</u>	<u>\$135.5</u>	-6.1	<u>\$143.8</u>	-5.8

Since inception of the utility system in 1969, the Department has issued revenue bonds to finance capital improvements. The revenue bonds have interest rates ranging from 2.50% to 5.00% and are payable through FY 2040. All issues are on parity as to their lien on net revenues and connection fees of the utility system.

In conjunction with the issuance of the Series 2014 Water and Sewer Revenue Refunding Bonds, Series 2009 Water and Sewer Revenue Bonds and the Series 2008 Water and Sewer Refunding Bonds, Fitch Ratings, Standard & Poor’s, and Moody’s Investors Service rated these issues and all outstanding bonds of the Department as AAA, AAA, and Aaa, respectively.

The Department is obligated by a rate covenant to establish and maintain rates that are sufficient to cover debt service requirements. The rate covenant requires that rates and fees must always provide net revenues that, together with a specified percentage of connection fees, are adequate to pay at least one hundred twenty-five percent (1.25x) of the annual debt service requirement for the bonds. Additionally, the net revenues together with the connection fees must be sufficient to make all payments required by the bond resolution. This requirement was exceeded by the 9.82x and 9.56x calculations for FY 2023 and FY 2022, respectively.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Palm Beach County is the third most populous county in the State of Florida. Growth in dwelling units for the Department’s service area over the last five years has averaged 1.12%. The real estate and construction industries comprise the mainstays of the County’s economic base. The Department’s service area continues to reflect primarily residential customers, plus some commercial and light industrial services. A continued increase in population is projected through “build-out,” which is expected to occur by approximately 2025. By 2025, the Department will operate at least five regional water plants with an estimated 130 million gallons per day (mgd) capacity. For wastewater services, the Department will own a projected 24 mgd capacity in the East Central Regional Wastewater Treatment Plant and will operate the 35 mgd capacity in the Southern Region Water Reclamation Facility, which will be able to provide approximately 22 mgd of reclaimed water.

These factors, along with inflation, water restrictions imposed by the South Florida Water Management District and the current state of the real estate market, were considered when preparing the Department’s budget for fiscal 2024. The budget forecasts operating revenues of \$245.2 million, or 1.7%, above the final 2023 budget of \$241.1 million. Net revenues will be used to fund debt service and a portion of the

Department's capital projects expenditures. Expenses will continue to be subjected to upward pressure from increased operating costs and the expansion of facilities. Amounts anticipated in fiscal 2024 for operating expenses, excluding depreciation and amortization and equity interest in net loss of joint venture, are \$216.0 million, an increase of \$22.8 million or 11.8% from the final 2023 budget of \$193.2 million.

CONTACTING THE DEPARTMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, investors, and creditors with an overview of the Department's finances and to demonstrate the Department's accountability for the monies it receives. If you have questions about this report or require additional financial information, please contact us at the address on the preceding transmittal letter.

COMPARATIVE FINANCIAL STATEMENTS

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF NET POSITION
September 30, 2023 and 2022

ASSETS AND DEFERRED OUTFLOWS

	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents	\$ 362,059,208	\$ 362,406,466
Restricted cash and cash equivalents	14,467,760	14,207,029
Accounts receivable (less allowance for doubtful accounts of \$4,136,400 and \$4,184,900 for 2023 and 2022, respectively)	26,267,806	26,448,169
Accrued interest receivable	167,595	205,124
Special assessments and notes receivable, current portion	743,435	862,806
Due from other County funds	84,826	75,771
Lease receivable	33,624	-
Prepaid expenses	681,225	538,245
Inventories	14,463,096	12,364,424
Total current assets	418,968,575	417,108,034
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	11,915,092	11,247,023
Lease receivable	409,866	-
Special assessments and notes receivable	4,699,995	5,397,493
Investment in joint ventures	71,367,920	67,249,367
Capital assets:		
Utility plants and pipelines in service	1,825,708,562	1,793,194,874
Buildings	147,793,707	141,872,792
Equipment	99,006,166	97,906,504
Land	15,626,971	15,626,971
Right-to-use assets, equipment	393,014	401,826
Easements	1,678,030	1,678,030
Total capital assets	2,090,206,450	2,050,680,997
Less accumulated depreciation and amortization	(995,241,067)	(944,616,084)
Subtotal	1,094,965,383	1,106,064,913
Construction in progress	173,547,350	106,268,543
Capital assets, net	1,268,512,733	1,212,333,456
Total noncurrent assets	1,356,905,606	1,296,227,339
TOTAL ASSETS	1,775,874,181	1,713,335,373
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred charge on bond refunding	3,764,604	4,472,992
Goodwill	3,216,182	3,433,138
Pensions	8,771,518	9,631,880
Other post-employment benefits	988,432	1,031,969
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,740,736	18,569,979
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,792,614,917	\$ 1,731,905,352

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF NET POSITION
September 30, 2023 and 2022

LIABILITIES, DEFERRED INFLOWS AND NET POSITION

	2023	2022
CURRENT LIABILITIES:		
Vouchers payable and accrued liabilities	\$ 27,033,158	\$ 29,758,291
Due to other governments	1,383,460	1,140,771
Due to other County funds	1,166,949	1,207,874
Compensated absences	414,000	394,000
Lease liability	112,273	133,035
Due to other component units	287,977	103,986
Subtotal current liabilities	30,397,817	32,737,957
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS:		
Revenue bonds payable, current portion	7,597,296	7,345,366
Customer deposits	5,271,654	5,581,346
Accrued interest payable	1,598,810	1,720,382
Subtotal current liabilities payable from restricted assets	14,467,760	14,647,094
Total current liabilities	44,865,577	47,385,051
NONCURRENT LIABILITIES:		
Revenue bonds payable, net of unamortized discount and premium	123,609,421	131,901,666
Net pension liability	42,734,127	37,539,672
Compensated absences	3,501,878	3,445,074
Total other post-employment benefits liability	1,802,993	1,802,720
Lease liability	125,101	115,969
Total noncurrent liabilities	171,773,520	174,805,101
TOTAL LIABILITIES	216,639,097	222,190,152
DEFERRED INFLOWS OF RESOURCES		
Pensions	1,694,214	1,566,075
Deferred gain on bond refunding	556,580	632,326
Other post-employment benefits	214,351	216,537
Leases	426,577	-
Total deferred inflows of resources	2,891,722	2,414,938
NET POSITION:		
Net investment in capital assets	1,118,394,707	1,052,875,588
Restricted for debt service	8,148,924	7,905,301
Unrestricted	446,540,467	446,519,373
TOTAL NET POSITION	1,573,084,098	1,507,300,262
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 1,792,614,917	\$ 1,731,905,352

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES:		
Charges for services	\$ 235,671,244	\$ 226,100,580
Other operating revenue	5,433,215	6,269,999
Total operating revenues	<u>241,104,459</u>	<u>232,370,579</u>
OPERATING EXPENSES:		
Personal services	57,954,930	50,003,789
Depreciation and amortization	53,914,020	54,040,646
Maintenance	37,110,548	34,000,047
Supplies	25,135,981	21,095,176
Contractual services	22,940,557	21,568,364
Purchased water and wastewater treatment	18,305,042	10,837,739
Utilities	11,215,450	10,346,316
Equity interest in net gain of joint venture	(134,224)	(645,577)
Miscellaneous	2,026,970	1,798,539
Total operating expenses	<u>228,469,274</u>	<u>203,045,039</u>
OPERATING INCOME	<u>12,635,185</u>	<u>29,325,540</u>
NONOPERATING REVENUES (EXPENSES):		
Investment income	17,342,664	4,282,627
Interest expense	(3,189,807)	(3,326,430)
Engineering fees	1,727,862	1,018,196
Engineering expenses	(1,060,815)	(914,753)
Other	1,353,585	184,880
Total nonoperating revenues (expenses)	<u>16,173,489</u>	<u>1,244,520</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	<u>28,808,674</u>	<u>30,570,060</u>
Transfers from other County Funds	-	1,598,382
Transfers to other County Funds	(2,215,021)	(71,400)
Capital contributions received	39,190,183	33,232,962
CHANGE IN NET POSITION	<u>65,783,836</u>	<u>65,330,004</u>
NET POSITION, BEGINNING OF PERIOD	<u>1,507,300,262</u>	<u>1,441,970,258</u>
NET POSITION, END OF PERIOD	<u>\$ 1,573,084,098</u>	<u>\$ 1,507,300,262</u>

The accompanying notes to the financial statements are an integral part of these statements

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts:		
Cash received from customers	\$236,018,445	\$223,596,662
Other operating receipts	5,341,681	6,136,262
Total cash receipts	241,360,126	229,732,924
Cash disbursements:		
Payments to employees	(43,695,836)	(41,075,040)
Payments to other County funds	(29,943,910)	(28,596,776)
Payments to suppliers of goods and services	(97,652,041)	(79,647,812)
Total cash disbursements	(171,291,787)	(149,319,628)
Net cash provided by operating activities	70,068,339	80,413,296
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash contributed to joint ventures	(5,779,717)	(3,348,720)
Legal settlement received	1,062,305	-
Transfers from other County Funds	-	1,598,382
Transfers to other County Funds	(2,215,021)	(71,400)
Net cash provided by (used in) non-capital financing activities	(6,932,433)	(1,821,738)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Construction and acquisition of capital assets	(94,620,537)	(64,805,175)
Capital contributed by developers and customers	21,531,073	24,731,623
Principal paid on revenue bond maturities	(7,345,367)	(7,103,669)
Interest paid on revenue bonds	(3,356,857)	(3,599,194)
Cash contributed by other governments	3,749,965	365,316
Proceeds on sale of surplus capital assets	111,466	120,201
Bond paying agent fees paid	(4,300)	(3,500)
Net cash used in capital and related financing activities	(79,934,557)	(50,294,398)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and gains or losses on investments	17,380,193	4,324,646
Net increase in cash and cash equivalents	581,542	32,621,806
Cash and cash equivalents at beginning of period	387,860,518	355,238,712
Cash and cash equivalents at end of period	\$388,442,060	\$387,860,518
Displayed on statements of net position as:		
Cash and cash equivalents	\$362,059,208	\$362,406,466
Restricted cash and cash equivalents	26,382,852	25,454,052
Total per statements of net position	\$388,442,060	\$387,860,518

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
STATEMENTS OF CASH FLOWS
For the Fiscal Years Ended September 30, 2023 and 2022

(continued)

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 12,635,185	\$ 29,325,540
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	53,914,020	54,040,646
Equity interest in net loss of joint venture	(134,224)	(645,577)
Provision for doubtful accounts receivable	(48,500)	(432,400)
Changes in assets and liabilities:		
Customer accounts receivable	243,417	(2,402,069)
Due from other County funds	(9,055)	5,210
Prepaid expenses	(142,980)	(53,904)
Inventories	(2,098,672)	(975,900)
Compensated absences	76,804	149,019
Lease liability	(168,433)	(143,593)
Vouchers payable and accrued liabilities	(416,964)	74,820
Due to other County funds	(40,925)	(99,067)
Due to component units	183,991	(246)
Due to other governments	159,787	(75,083)
Customer deposits	(309,692)	164,089
Net pension liability	5,194,455	23,936,433
Deferred outflows of resources related to pensions	860,362	(2,241,520)
Deferred inflows of resources related to pensions	128,139	(20,237,399)
Total other post-employment benefits liability	273	584,941
Deferred outflows of resources related to other post-employment benefits	43,537	(754,224)
Deferred inflows of resources related to other post-employment benefits	(2,186)	193,580
Total adjustments	57,433,154	51,087,756
Net cash provided by operating activities	\$ 70,068,339	\$ 80,413,296

SCHEDULE OF NONCASH CAPITAL AND FINANCING ACTIVITIES:

Utility plant contributed by developers and customers	\$ 14,220,458	\$ 9,154,700
Payables related to capital asset acquisition	\$ 22,119,333	\$ 23,802,498
Amortization of bond premium	\$ 694,948	\$ 937,981
Amortization of deferred advance bond refunding loss	\$ 708,388	\$ 847,494
Disposal of fully depreciated capital assets	\$ 969,739	\$ 2,444,123

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended September 30, 2023 and 2022

1. GENERAL

Description - Palm Beach County, Florida (County) is a chartered political subdivision of the State of Florida and is authorized by the power of self-government by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (BCC) is the legislative and governing body of the County. Pursuant to the general laws of Florida, the County owns the Water Utilities Department of Palm Beach County (Department). The financial statements only present the Department and are not intended to present fairly the financial position of Palm Beach County, Florida, and the changes in its financial position and cash flows, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - The Department operates as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public where all or most of the costs involved are paid in the form of charges by users of such services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Department:

Basis of Accounting - The Department utilizes the accrual basis of accounting in accordance with GAAP. The financial statements are presented using the economic resources measurement focus.

Budget Approval - The BCC approves the Department's annual budget as part of the formal budget adoption process pursuant to Chapter 129, Florida Statutes. The budget is adopted on a basis consistent with GAAP, and budgetary controls for appropriations are established at the appropriation unit level. Activities for the operating accounts required by bond covenants securing the Department's indebtedness are included in the annual budget.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions which affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classification of Revenues and Expenses - Operating revenues and expenses are those which result from providing water and wastewater services. Nonoperating revenues and expenses include financing, investing, and other activities not directly related to the provision of water and wastewater services.

Revenue Recognition - All water and wastewater revenues are recognized when the related services are provided. Special assessment contributed capital is recognized when the project has final acceptance by the BCC's Contract Review Committee and, for projects whose final assessed amount is less than the original assessed amount, BCC approval of the amended amount. Grants from other governmental agencies for the acquisition of capital assets are recorded as capital contributions when all applicable eligibility requirements have been met. Connection fees are charged to new service customers and are required to be used for capital acquisition purposes; these fees are accounted for as capital contributions when service is provided.

Cash and Cash Equivalents - The Department considers all highly liquid investments with maturities of three months or less when purchased as well as its proportionate share of the County's investment pool to be cash equivalents for purposes of the statements of net position and the statements of cash flows.

Accounts Receivable – Billings to the Department’s customers are based on metered consumption, which is determined at various dates during each month. Estimated unbilled consumption at month-end is recognized as revenue and recorded as accounts receivable. The allowance for doubtful accounts is determined by multiplying the accounts receivable balance at fiscal year-end by the average bad debt rate for the last five years and adjusting for current economic conditions. This results in adjusting the receivables to their net realizable value.

Special Assessments Receivable – A non-current special assessment receivable is recorded for contributed capital resulting from special assessment projects. Recognition of the contributed capital is described in the revenue recognition section of Note 2. A portion of the balance is reclassified as a current special assessment receivable. This current portion is estimated based on the actual tax billing determined by the Clerk & Comptroller and billed by the Tax Collector. No allowance is recorded because liens are recorded against the assessed property.

Inventories – Inventories consist primarily of material and supplies and are stated at the lower of cost or market determined on a first-in, first-out basis.

Restricted Assets and Restricted Net Position – Assets are restricted in accordance with provisions of the bond resolutions of the BCC authorizing the issuance of the Series 2020, 2019, 2015 and 2013 Revenue Bonds, along with other applicable obligations. The restricted component of net position represents restricted assets reduced by liabilities related to those assets.

Capital Assets – Capital assets are stated at cost less accumulated depreciation and amortization, except contributed assets which are recorded at acquisition value on the date of contribution. Expenditures of \$25,000 or more for additions and improvements and \$5,000 for equipment are capitalized. Expenditures for maintenance, repairs, and minor improvements are charged to expense as incurred.

Depreciation of tangible capital assets is computed on the straight-line method over the estimated useful lives of the assets, which are as follows:

Buildings	15-40 years
Utility plants in service	7-50 years
Equipment	3-25 years
Right to use assets	3-5 years

Impairment of Long-Lived Assets – Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate the carrying amount of long-lived asset(s) may not be recoverable. The carrying amount is not considered recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the long-lived asset(s) use and eventual disposition. An impairment loss, if any, is measured as the amount by which the carrying amount of said long-lived asset(s) exceeds its fair value. Management has determined that no long-lived assets were impaired as of September 30, 2023.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources, which represents a consumption of net assets that applies to future periods and will not be recognized as an outflow (expense) until that time. Deferred outflows relate primarily to 1) the difference in the carrying value of refunded debt and its reacquisition price, which amount is deferred and amortized over the shorter of the life of the refunded or refunding debt, 2) pension and other post-employment (OPEB) related items including differences between expected and actual investment earnings and experience, changes in the Department’s proportionate share of contributions and contributions subsequent to the measurement date, and 3) goodwill, which represents the difference between the acquisition price and the fair value of utility systems purchased.

The Department has two items of goodwill which are amortized as follows:

- The goodwill resulting from the acquisition of the Village of Royal Palm Beach’s Utility System is amortized over 30 years, which represents the period the bonds issued to fund the acquisition will be outstanding.
- The goodwill resulting from the acquisition of the Indian Trail Improvement District Utility System is amortized over 40 years.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources, which represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow (revenue) until that time. Deferred inflows relate primarily to pension and OPEB related items including differences between expected and actual investment earnings and experience and changes in the Department’s proportionate share of contributions.

Leases as Lessee – At the inception of a long-term lease the Department calculates the net present value of future lease payments and records a right to use asset and lease liability based on the net present value. The right to use asset is then amortized over the lease term and the lease liability is reduced as lease payments are made. The difference between the lease payments and lease liability reduction is recorded as lease interest expense. Unless otherwise noted below, the initial lease liability was measured utilizing a discount rate of 5% which was deemed the County’s incremental borrowing rate as of 10/1/2021.

Leases as Lessor – At the inception of a long-term lease the Department calculates the net present value of future lease receipts and records a lease receivable and deferred inflow of resources based on the net present value. The lease receivable and deferred inflow of resources are then amortized over the lease term. The difference between the lease payments received and lease receivable reduction is recorded as lease interest income.

Compensated Absences – Accumulated unpaid vacation and sick leave benefits are accrued as a liability and charged to expense at the time the employees perform the services which give rise to the benefits.

Net Position – The financial statements utilized a net position presentation. Net position is categorized as: Net Investment in Capital Assets, Restricted and Unrestricted. Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any debt attributable to the acquisition, construction or improvement of those assets. Restricted net position consists of constraints placed on the use of net position by external restrictions imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Unrestricted net position consists of net position which does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

Use of Restricted Resources – When both restricted and unrestricted resources are available for use, it is the Department’s policy to use restricted resources first, then unrestricted resources as they are needed.

3. CASH AND INVESTMENTS

Cash and investments consist of the following at September 30, 2023 and 2022:

<u>September 30, 2023</u>	
County Internal Investment Pool	\$379,903,587
Cash with Fiscal Agent	8,530,173
Petty cash	8,300
Total	<u>\$388,442,060</u>

<u>September 30, 2022</u>	
County Internal Investment Pool	\$379,444,095
Cash with Fiscal Agent	8,408,123
Petty cash	8,300
Total	<u>\$387,860,518</u>

The Department participates in the County’s pooled cash system so as to maximize earnings and facilitate cash management. The County’s pooled cash fund is a highly liquid investment pool of approximately \$3.72 billion and \$3.06 billion as of September 30, 2023 and 2022, respectively, of which approximately 10% and 14%, respectively, are invested in U. S. Government and Agency obligations. The County’s investment policy for this pool requires that all securities be insured or registered in the name of the County and held by a third party custodial institution, with capital and surplus stock of at least \$500 million and a separate custody account at the Federal Reserve Bank that is restricted for the safekeeping of County-owned securities. Almost all remaining amounts at September 30, 2023 and 2022 were invested in money markets and certificates of deposit. The equity in the County pooled cash system is available to the Department on a demand basis. See the County’s Comprehensive Annual Financial Report (Annual Report) for disclosures relating to its investment policy interest rate risk, credit risk, custodial credit risk and concentration of credit risk.

The County’s Annual Report may be viewed on-line at:

www.mypalmbeachclerk.com/cafr.aspx

or may be ordered from:

Palm Beach County Clerk & Comptroller
 Attn: Financial Reporting
 301 North Olive Avenue West Palm Beach, Florida 33401
 (561) 355-2912

4. INVESTMENT IN JOINT VENTURES

East Central Regional Wastewater Facilities

The County, on behalf of the Department, participates in a joint interlocal agreement (Agreement) with four municipalities whereby they consolidated separate agreements into a single unified agreement to establish rules and procedures for the operation and management of the existing East Central Regional Wastewater Facilities (ECR). ECR became a separate legal entity created for the purpose of providing wastewater treatment and disposal services to the five participating entities (Entities). The Agreement establishes the duties and responsibilities among the Entities for the operation of ECR. Key provisions of the Agreement include:

- The initial term of the Agreement is thirty years with an option to renew for an additional thirty years based upon mutual consent of the Entities.
- The Agreement can be terminated only with unanimous mutual consent of the Entities.
- An Entity may withdraw from participation in the Agreement; however, the Entity will forfeit its interest and allocation in ECR and will still be required to meet its obligations under the Agreement.
- In the event the ECR is sold or disposed of, proceeds of the sale or disposition shall be prorated among the entities, based on the reserve capacity allocation in effect as of the date of sale or disposition. As of September 30, 2023 and 2022, the Department had a 34.29% interest in ECR for both fiscal years.

- The Agreement provides for the establishment of a Board (Board) to administer ECR. The Board is comprised of one representative from each participating Entity.
- The City of West Palm Beach (City) is designated to administer and operate ECR efficiently and economically for the benefit of the Entities. To that end, the City retains legal title to ECR property, provides all personnel resources required for operation and administration of ECR, and assumes responsibility for all employee benefits, risk management, and other costs. In exchange for such services, ECR pays the City an administrative fee.
- A budget is adopted annually by the Board. Annual expenditures are covered by the wastewater flow charge, which is charged to each Entity based on usage.

Under accounting principles generally accepted in the United States of America, the Department is required to account for this investment using the equity method. Accordingly, the Department recorded its initial investment at cost and annually records its proportionate share of ECR's income or loss, contributions made, and distributions received.

The financial obligations of the Entities include the following:

- ECR allocates to the Entities the costs associated with the operation and maintenance of the treatment plant based on each Entity's proportionate share of total wastewater flow into the plant. The Department's totals of such costs charged to expense were approximately \$15,131,400 and \$8,033,700 for the fiscal years ended September 30, 2023 and 2022, respectively.
- The Entities are required to make annual deposits to a Renewal and Replacement Fund to finance improvements to ECR. The annual deposits of approximately \$5.5 million will continue until the amount on deposit equals 10% of the Department's proportionate share of ECR's replacement value which was estimated to be \$433 million as of September 30, 2023. The total of such costs was \$5,515,854 and \$3,092,543 for the fiscal years ended September 30, 2023 and 2022, respectively. The amounts on deposit were \$10,071,235 and \$9,776,379 for the fiscal years ended September 30, 2022 and 2021, respectively.
- Florida Power and Light (FPL), ECR and the Department entered into agreements to construct a 27 million gallons per day reclaimed water facility (Reclaimed Water Project). The Reclaimed Water Project was financed with debt issued by the Department (see Note 6) while a portion of the assets are located on ECR property, who operates the reclaimed water facility. The Department maintains and operates the distribution system and FPL reimburses the Department for all costs associated with operating and maintaining the distribution system in addition to administrative costs. The total reclaimed water facility operating costs for the fiscal years ended September 30, 2023 and 2022, respectively, were \$3,033,800 and \$2,695,600.
- In fiscal year 2014 the Department was required to make annual deposits to a Renewal and Replacement Fund to finance improvements to the Reclaimed Water Project. The annual deposits of approximately \$0.3 million will continue until the amount on deposit equals 10% of the facility's replacement value. As of September 30, 2023 and 2022, respectively, the Department's investment in the Reclaimed Water Project was \$10.7 million and \$11.9 million.
- For the fiscal years ended September 30, 2023 and 2022, respectively, the Department's total payments to ECR for all the transactions described above were \$23.9 million and \$14.1 million respectively.

The following table is a brief summary of the financial position of ECR as of September 30, 2022:

Total assets and deferred outflows	\$347,613,733
Total net position	\$182,555,754
Invested in capital, net of related debt	\$127,022,796
Unrestricted net position	\$5,319,455
Increase in net position	\$4,347,566

September 30, 2023 amounts are expected to approximate the above figures.

As of September 30, 2023 and 2022, respectively, the Department's investment in the ECR was \$69.5 million and \$65.0 million, respectively. Separate financial statements for ECR may be obtained at the following address:

EC.R. Wastewater Facilities ● City of West Palm Beach ● P.O. Box 3506 ● West Palm Beach ● Florida ● 33402

Biosolids Processing and Recycling Facility

On September 23, 2003, the Board of County Commissioners, on behalf of the Water Utilities Department, entered into an interlocal agreement (Agreement) with the Solid Waste Authority (SWA) to fund a portion of the cost to design, build, and operate a Biosolids Processing and Recycling Facility (BPF). Amendments to the agreement were approved May 3, 2005, July 11, 2006 and July 16, 2013. The BPF processes certain wastewater treatment residuals (biosolids) and is necessary to comply with increasingly stringent environmental regulations that have significantly decreased the number of land application sites available. Bulk land application was the previous method of disposing of the biosolids.

The Agreement is for a period of twenty years ending on August 1, 2029. Upon the conclusion of the term of the agreement, the BPF will remain the property of SWA with each participating entity owning its share of the BPF, in perpetuity, for the life of the plant. Under accounting principles generally accepted in the United States of America, the Department is required to account for this arrangement as a joint venture. Therefore, an asset is reported on Department's financial statements under the caption "Investment in joint ventures."

Since the BPF agreement does not state that the participants are to share in the profit and losses of the joint venture, the investment in joint venture account will not be adjusted to reflect the joint venture's results of operations. Rather the investment in joint venture will be amortized using the straight-line method over the twenty-year life of the agreement. The amortization started on August 1, 2009. The Department's 27.5% share resulted in pro rata obligations of \$9.2 million for construction costs and \$580,000 annually for operating expenses for the twenty-year period. On July 16, 2013, the Department sold excess capacity shares in the BPF to the ECR for \$2,817,749, leaving the Department with a 17.82% pro-rata share in the BPF's capacity. The Department's total operating costs were \$1,737,400 and \$1,328,200 for the fiscal years ended September 30, 2023 and 2022, respectively. As of September 30, 2023 and 2022, respectively, the Department's investment in the BPF is \$1.9 million and \$2.2 million.

No separate financial statements are prepared for the BPF which is reported as part of SWA operations. Financial statements for the SWA may be obtained at the following address:

Solid Waste Authority
7501 North Jog Road
West Palm Beach, Florida 33412

5. INFORMATION ON CAPITAL ASSETS

Capital assets activity for the fiscal years ended September 30, 2023 and 2022 is depicted in the following two tables:

<u>September 30, 2023</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$15,626,971	\$ -	\$ -	\$15,626,971
Easements	1,678,030	-	-	1,678,030
Construction in progress	106,268,543	91,001,950	(23,723,143)	173,547,350
Total capital assets not being depreciated or amortized	123,573,544	91,001,950	(23,723,143)	190,852,351
Capital assets being depreciated or amortized:				
Buildings	141,872,792	5,920,915	-	147,793,707
Utility plants and pipelines	1,793,194,874	32,513,688	-	1,825,708,562
Equipment	97,906,504	2,260,076	(1,160,414)	99,006,166
Right-to-use assets-equipment	401,826	139,975	(148,787)	393,014
Total capital assets being depreciated or amortized	2,033,375,996	40,834,654	(1,309,201)	2,072,901,449
Less accumulated depreciation or amortization for:				
Buildings	(66,650,932)	(3,682,558)	-	(70,333,490)
Utility plants and pipelines	(804,448,108)	(42,917,750)	-	(847,365,858)
Equipment	(73,353,486)	(5,169,351)	1,127,906	(77,394,931)
Right-to-use assets-equipment	(163,558)	(132,017)	148,787	(146,788)
Total accumulated depreciation and amortization	(944,616,084)	(51,901,676)	1,276,693	(995,241,067)
Total capital assets being depreciated or amortized, net	1,088,759,912	(11,067,022)	(32,508)	1,077,660,382
Capital assets, net	\$1,212,333,456	\$ 79,934,928	\$(23,755,651)	\$1,268,512,733

<u>September 30, 2022</u>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated or amortized:				
Land	\$15,626,971	\$ -	\$ -	\$15,626,971
Easements	1,678,030	-	-	1,678,030
Construction in progress	53,952,711	76,542,205	(24,226,373)	106,268,543
Total capital assets not being depreciated or amortized	71,257,712	76,542,205	(24,226,373)	123,573,544
Capital assets being depreciated or amortized:				
Buildings	141,872,792	-	-	141,872,792
Utility plants and pipelines	1,759,813,801	33,381,073	-	1,793,194,874
Equipment	97,607,843	2,845,393	(2,546,732)	97,906,504
Right-to-use assets-equipment	410,941	62,946	(72,061)	401,826
Total capital assets being depreciated or amortized	1,999,705,377	36,289,412	(2,618,793)	2,033,375,996
Less accumulated depreciation or amortization for:				
Buildings	(63,029,743)	(3,621,189)	-	(66,650,932)
Utility plants and pipelines	(761,730,909)	(42,717,199)	-	(804,448,108)
Equipment	(70,276,720)	(5,585,593)	2,508,827	(73,353,486)
Right-to-use assets-equipment	(99,320)	(136,299)	72,061	(163,558)
Total accumulated depreciation and amortization	(895,136,692)	(52,060,280)	2,580,888	(944,616,084)
Total capital assets being depreciated or amortized, net	1,104,568,685	(15,770,868)	(37,905)	1,088,759,912
Capital assets, net	\$1,175,826,397	\$60,771,337	\$(24,264,278)	\$1,212,333,456

6. LEASE ARRANGEMENTS

Department as Lessor

The Department leases space on the rooftop of its Southern Region Water Reclamation Facility pretreatment building to Verizon Wireless for six wireless communications antennas. The lease is for a five-year term covering fiscal years 2023 through 2027, and has two five-year renewal options. Rental income was \$54,183 for the fiscal year ended September 30, 2023.

Minimum future receipts under this lease are approximately:

<u>Fiscal Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$33,634	\$22,174
2025	36,990	20,493
2026	40,564	18,643
2027	44,369	16,615
Thereafter	<u>287,933</u>	<u>45,553</u>
Total	<u>\$443,490</u>	<u>\$123,478</u>

Department as Lessee

The Department leases all its copiers, utility bill printers and folding machine from outside vendors for a certain number of years with no option to purchase said equipment or renew the lease thereof at the end of the lease term. Copiers are leased for three years, bill printers for five years and the folding machine for four years. Unless otherwise noted below, the initial lease liability was measured utilizing a discount rate of 5% which was deemed the County's incremental borrowing rate as of 10/1/2021.

Lease assets:

The following table presents the Department's lease assets for office equipment as of September 30, 2023 and 2022:

<u>Fiscal Year ended September 30</u>	<u>2023</u>	<u>2022</u>
Beginning balance	\$238,268	\$311,621
Leases initiated during the fiscal year	139,975	62,946
Lease amortization expense	<u>(132,017)</u>	<u>(136,299)</u>
Lease assets, net	<u>\$246,226</u>	<u>\$238,268</u>

Lease liability:

The following table presents the Department's lease obligations for office equipment payable in future years as of September 30, 2023:

	<u>Year (s) Ending September 30</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$112,273	\$15,579
2025	72,169	12,866
2026	36,424	8,358
2027	16,508	3,558
Total	<u>\$237,374</u>	<u>\$40,361</u>

7. REVENUE BONDS PAYABLE AND LONG-TERM DEBT

Long-term obligations activity for the fiscal years ended September 30, 2023 and 2022 are depicted in the following two tables:

<u>September 30, 2023</u>	Beginning Balance	Increases	Decreases	Ending Balance	Due in Fiscal Year 2023
Revenue bonds	\$130,120,000	\$-	\$(6,720,000)	\$123,400,000	\$6,960,000
Notes	5,074,722	-	(625,367)	4,449,355	637,296
Unamortized premiums	4,052,310	-	(694,948)	3,357,362	-
Net revenue bonds payable	139,247,032	-	(8,040,315)	131,206,717	7,597,296
Compensated absences	3,839,074	215,761	(138,957)	3,915,878	414,000
Leases	249,004	139,975	(151,605)	237,374	112,273
Total long-term obligations	143,335,110	355,736	\$(8,330,877)	135,359,969	8,123,569

<u>September 30, 2022</u>	Beginning Balance	Increases	Decreases	Ending Balance	Due in Fiscal Year 2023
Revenue bonds	\$136,610,000	\$-	\$(6,490,000)	\$130,120,000	\$6,720,000
Notes	5,688,391	-	(613,669)	5,074,722	625,366
Unamortized premiums	4,990,291	-	(937,981)	4,052,310	-
Net revenue bonds payable	147,288,682	-	(8,041,650)	139,247,032	7,345,366
Compensated absences	3,690,055	391,645	(242,626)	3,839,074	394,000
Leases	315,693	62,946	(129,635)	249,004	133,035
Total long-term obligations	151,294,430	454,591	\$(8,413,911)	143,335,110	7,872,401

The Series 2020, 2019, 2013 and 2015 Water and Sewer Revenue Bonds, along with other long-term debt obligations, are repayable in future years as follows:

	Year (s) Ending September 30	
	Principal	Interest
2024	\$7,597,296	\$3,093,534
2025	7,794,463	2,889,109
2026	7,926,876	2,752,513
2027	8,069,535	2,601,347
2028	8,154,880	2,435,714
2029-2033	41,431,305	9,306,031
2034-2038	43,420,000	3,604,734
2039-2041	3,455,000	259,124
Total	\$127,849,355	\$26,942,106

The bond issues enable the Department to call various maturities of the debt at specified premiums of up to 2% of the principal balance.

The Water and Sewer Revenue Bonds are collateralized by a first lien on the Department's net revenues and connection fees as defined in the bonds' resolutions (Resolutions). The Department is required to establish rates and fees sufficient to provide net revenues and connection fees which are at least 125% of the annual debt service requirements.

The Water and Sewer Revenue Bond Resolutions established certain accounts and determined the order in which revenue is to be deposited into these accounts. The purpose of the accounts, in order of priority of monthly revenue transfers, is as follows:

Revenue: deposit all revenue.

Operations & Maintenance: pay operating expenses.

Sinking Fund Accounts:

- **Bond Interest Account:** fund the next semi-annual interest payment on all outstanding serial and term bonds.
- **Bond Principal Account:** fund the next annual principal payment on all outstanding serial bonds.
- **Bond Redemption Account:** fund the next annual principal payment on all outstanding term bonds.
- **Debt Service Reserve Account:** deposit one-twelfth of the amount equal to the maximum annual debt service requirement on the bonds in any succeeding year, but insurance may be used, up to the maximum annual debt service amount, for transfer to the bond interest, bond principal, or bond redemption accounts, if necessary.

Renewal and Replacement: deposit one-twelfth of 5% of the preceding year’s gross revenue for extensions, improvements, additions, or the replacement of capital assets until the amount on deposit equals \$1,000,000.

Capital Improvement: deposit remaining revenue for use in any manner provided by law.

Connection Fee: deposit all connection fees received, fund any deficiency in the sinking fund accounts or subordinated indebtedness, pay costs of constructing extensions to the Water and Sewer System, or use for any other lawful purpose.

The Department’s long-term revenue bonds payable as of September 30, 2023 and 2022 are illustrated in the following table:

REVENUE BONDS AND NOTES	September 30	
	2023	2022
\$72,430,000 Series 2013 Water & Sewer Revenue Refunding Bonds due in annual installment of \$3,900,000 on October 1, 2024, with interest of 5.00% payable semiannually on October 1 2024.	\$3,900,000	\$7,640,000
\$26,930,000 Series 2015 Water & Sewer Revenue Refunding Bonds due in annual installments of \$7,535,000 to \$8,080,000 through October 1, 2036, with interest from 3.125% to 4.00% payable semiannually on October 1 and April 1.	23,385,000	23,385,000
\$44,105,000 Series 2019 Water & Sewer Revenue Refunding Bonds due in annual installments of \$1,735,000 to \$2,985,000 through October 1, 2036, with interest from 2.5% to 5.00% payable semiannually on October 1 and April 1.	39,375,000	41,035,000
\$59,375,000 Series 2020 Water & Sewer Revenue Refunding Bonds due in annual installments of \$1,320,000 to \$5,865,000 through October 1, 2033, with interest from 0.35% to 1.75% payable semiannually on October 1 and April 1.	56,740,000	58,060,000
Various State Revolving Fund notes payable	4,449,355	5,074,722
Total debt	127,849,355	135,194,722
Less current portion of long-term debt	(7,597,296)	(7,345,366)
Plus unamortized premium	3,357,362	4,052,310
Total noncurrent portion	\$123,609,421	\$131,901,666

All revenue bonds and lease liability are for the purpose of capital asset acquisition. The notes payable are related to the acquisition of the Western Region service area (formerly the Glades Utility Authority

8. PLEDGED REVENUES

The Department has pledged future water and wastewater system revenues, net of specified operating expenses, to repay \$127.8 million in water and sewer system revenue bonds issued between February 27, 2013 and October 27, 2020 and notes assumed with the absorption of the GUA on May 1, 2013. Proceeds from the bonds provided financing for the addition, improvement, and expansion of the utility system facilities, infrastructure, and equipment. The bonds and notes are payable solely from the utility system net revenues and are payable through October 1, 2040.

Net revenues are defined as gross revenues remaining after deducting operating expenses, with operating revenues including all income except the following excluded items: third party reimbursements, connection fees (see next paragraph), special assessments, gain on disposal of capital assets, and grants. Operating expenses exclude interest expense, depreciation and amortization, equity interest in net loss of joint venture, and loss on disposal of capital assets.

Connection fees included are the lesser of total connection fees collected during the fiscal year or the percentage of debt service for the fiscal year attributable to expansion of the utility system.

Total principal and interest remaining to be paid on the bonds and notes is \$154.8 million with annual requirements ranging from \$0.1 million in fiscal years 2039 and 2040 to \$10.7 million in fiscal years 2023 through 2027. Annual principal and interest payments on these debts are expected to require less than 25% of projected future net revenues and connection fees. Principal and interest paid for the current year and utility system net revenues and connection fees were \$10.9 million and \$106.3 million, respectively.

9. ADVANCE REFUNDING OF DEBT

On October 27, 2020 the Department issued \$59,375,000 Series 2020 Water and Sewer Revenue Refunding Bonds for the purpose of advance refunding \$51,325,000 of Series 2013 Water & Sewer Revenue Refunding Bonds maturing on or after October 1, 2024. The Department placed into irrevocable trust funds sufficient to pay interest on said bonds and redeem on those bonds on the October 1, 2023 call date. As a result, the Department recognized an accounting loss of \$4,833,851, but realized a difference between the cash flows to service the old debt and the new debt of \$8,398,635 and an economic gain (net present value of cash flow savings) of \$7,708,533. As of September 30, 2023, the remaining balance of the deferred loss is \$3,328,496.

10. COMMITMENTS

The Department has entered into construction contracts with remaining commitments totaling approximately \$122,824,000 and \$137,883,000 as of September 30, 2023 and 2022, respectively.

11. RETIREMENT PLANS

The Department provides retirement benefits to its employees through the Florida Retirement System (System), a contributory, cost-sharing, multiple-employer, public employee retirement system. All employees are covered by the System. There are three plans, as described below, within the System. All of the Department's employees are eligible to participate in the System, and substantially all are covered by the System.

Plan Descriptions:

Florida Retirement System (FRS) Pension Plan and Retiree Health Insurance Subsidy (HIS) Program are cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management

Services, Division of Retirement. The FRS Pension Plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. These benefits are established by Chapter 121, Florida Statutes, and may only be amended by the Florida Legislature.

The HIS Program benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs. The HIS Program was established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time.

A comprehensive annual financial report including financial information and required supplementary information on both plans is publicly available on the Florida Department of Management Services website (<http://www.dms.myflorida.com>)

Florida Retirement System Investment Plan (Investment Plan) is a defined contribution plan the Department contributes to for its eligible employees who elect to participate in the Investment Plan in lieu of the FRS Pension Plan. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Department employees participating in the DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual members' accounts, are defined by law, but the ultimate benefit depends in part on the performance of the investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates which are based on salary and membership class (Regular Class, Elected County Officers, etc.) as the FRS Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. The Investment Plan is administered by the State Board of Administration (SBA), and is reported in the SBA's annual financial statements and in the State of Florida's comprehensive annual financial report. Financial information on this plan is available on the web at <http://www.sbafla.com/>.

Pension Expense/Expenditures:

The Department's aggregate pension expense/expenditures for all plans amounted to \$10,460,200 for the fiscal year ended September 30, 2023. The Department's aggregate net pension liability for all plans was \$42,734,127, with balances of deferred outflows of resources related to pensions of \$8,771,518 and deferred inflows of resources related to pensions of \$1,694,214 as of September 30, 2023.

Florida Retirement System (FRS) Pension Plan Benefits Provided

The Florida Retirement System was created on December 1, 1970. Members enrolled in the FRS and actively employed on July 1, 2001, or first enrolled between July 1, 2001 and June 30, 2011, will be vested, or eligible to receive future benefits after 6 years of creditable service. Participants first enrolled on or after July 1, 2011 will be vested, or eligible to receive future benefits after 8 years of creditable service. Retirement, disability, and death benefits are based on age, average final compensation and years-of-service credit. For members initially enrolled in the FRS before July 1, 2011, average final compensation is the average of the five highest fiscal years of salary earned during covered employment. For members initially enrolled in the FRS on or after July 1, 2011, average final compensation is the average of the eight highest fiscal years of salary earned during covered employment. Members are eligible for normal retirement when they have met the minimum requirements established by their membership class. For members initially enrolled in the FRS before July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 62 or if they have 30 years of creditable service regardless of age. For members initially enrolled in the FRS on or after July 1, 2011, Regular Class members are eligible for normal retirement if they are vested and age 65 or if they have 33 years of creditable service regardless of age. Early retirement may be taken any time after vesting. However, there is a 5% reduction of benefits for each year prior to normal retirement age or date. The percentage level of employees' payroll contribution rates is determined using the frozen entry age actuarial cost method.

Beginning July 1, 1998, the FRS implemented the Deferred Retirement Option Program (DROP), which is a program within the FRS Pension Plan that allows members to retire without terminating their employment for up to eight years while their retirement benefits accumulate and earn interest compounded monthly at a stated effective annual rate. For members who entered DROP prior to July 1, 2011, the rate is 6.5%. For members who enter DROP on or after July 1, 2011, the rate is 4.0%. Members may participate in DROP when they are vested and have reached their normal retirement date. When the DROP period ends, members must terminate employment, whereupon members will receive their accumulated DROP benefits and begin receiving their monthly retirement benefit.

The FRS was amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is known as the FRS Investment Plan, which is described later in this note.

Contributions

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2023:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate*</u>
Regular	3.00%	13.57%
Special Risk	3.00%	32.67%
State Attorney/Public Defender	3.00%	62.72%
County, City, Special District Elected Officers	3.00%	58.68%
Special Risk Administrative Support	3.00%	39.82%
Senior Management	3.00%	34.52%
Deferred Retirement Option Program	N/A	21.13%

The following membership classes and contribution rates, which apply to both the FRS Pension Plan and the FRS Investment Plan, were in effect at September 30, 2022:

<u>Membership Class</u>	<u>Employee Contribution Rate</u>	<u>Employer Contribution Rate*</u>
Regular	3.00%	11.19%
Special Risk	3.00%	27.83%
State Attorney/Public Defender	3.00%	67.79%
County, City, Special District Elected Officers	3.00%	57.00%
Special Risk Administrative Support	3.00%	38.65%
Senior Management	3.00%	31.57%
Deferred Retirement Option Program	N/A	18.60%

*Employer contribution rates in the above table include a 2.00% and 1.66% contribution for the Retiree Health Insurance Subsidy Program for the fiscal years ended September 30, 2023 and 2022, respectively.

The Department's employer contributions to the FRS Pension Plan totaled \$4.9 million and employee contributions totaled \$1.2 million for the fiscal year ended September 30, 2023. The Department contributed 100 percent of its statutorily required contributions for the current and preceding two years.

Net Pension Liability, Deferrals, and Pension Expenses

At September 30, 2023 the Department reported a liability of \$32.5 million for its proportionate share of the FRS Pension Plan's net pension liability, which was measured as of June 30, 2023. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2023. The Department's proportionate share of the net pension liability was based on the Department's 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members. At June 30, 2023 the Department's proportionate share was 0.082% which was the same as its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023 the Department recognized pension expense of \$6,600,160 million related to the FRS Pension Plan. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$-	\$3,055,186
Change of assumptions	-	2,121,200
Net difference between projected and actual earnings on Pension Plan investments	-	1,358,941
Changes in proportion and differences between Department Pension Plan contributions and proportionate share of contributions	572,681	213,777
Department Pension Plan contributions subsequent to the measurement date	-	1,228,736
Total	<u>\$572,681</u>	<u>\$7,977,840</u>

The Department's contributions to the FRS Pension Plan subsequent to the measurement date but before the end of the Department's fiscal year will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2024	\$840,453
2025	(532,501)
2026	5,240,395
2027	506,617
2028	<u>121,459</u>
	<u>\$6,176,423</u>

For the fiscal year ended September 30, 2022 the Department recognized pension expense of \$4,315,671 related to the FRS Pension Plan. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$-	\$1,454,249
Change of assumptions	-	3,770,918
Net difference between projected and actual earnings on Pension Plan investments	-	2,021,801
Changes in proportion and differences between Department Pension Plan contributions and proportionate share of contributions	398,600	322,541
Department Pension Plan contributions subsequent to the measurement date	-	1,015,806
Total	\$398,600	\$8,585,315

The Department's contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2023	\$1,682,677
2024	613,862
2025	(597,287)
2026	5,148,932
2027	322,725
Total	\$7,170,909

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation:** 2.4 percent
- **Investment Rate of Return:** 6.7 percent, net of plan investment expense
- **Salary Increases:** 3.25% average, including inflation
- **Mortality:** was calculated using the PUB2010 with Projection Scale MP 2018, with adjustments for member category and sex projected generationally.

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation:** 2.4 percent
- **Investment Rate of Return:** 6.7 percent, net of plan investment expense
- **Salary Increases:** 3.25% average, including inflation
- **Mortality:** was calculated using the PUB-2010 with Projection Scale MP-2018, with adjustments for member category and sex projected generationally.

The actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected rate of return on Pension Plan investments was not based on historical returns but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	100%			
Assumed inflation - mean			2.4%	1.4%

Note 1: As outlined in the Pension Plan's investment policy

Discount Rate - The discount rate used to measure the total pension liability was 6.7%. The Pension Plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity to Changes in the Discount Rate - The tables on the following page represent the Department's proportionate share of the net pension liability calculated using the 6.7% discount rate as well as what the Department's proportionate share would be if it were calculated using a discount rate one percentage point lower (5.7%) or one percentage point higher (7.7%) than the current rate:

	<u>2023 Discount Rates</u>		
	<u>1% decrease (5.7%)</u>	<u>Current 6.7% Discount Rate</u>	<u>1% increase (7.7%)</u>
Department's proportionate share of the net pension liability	\$55,584,233	\$32,539,583	\$13,259,975

	<u>2022 Discount Rates</u>		
	<u>1% decrease (5.7%)</u>	<u>Current 6.7% Discount Rate</u>	<u>1% increase (7.7%)</u>
Department's proportionate share of the net pension liability	\$52,954,304	\$30,619,491	\$11,944,929

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Retiree Health Insurance Subsidy (HIS) Program:

Benefits Provided - For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly payment of \$7.50 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 per month. To be eligible to receive an HIS Plan benefit, a retiree under State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Program is funded by required contributions from participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active Pension Plan members. For the fiscal year ended September 30, 2023 the contribution rate was 2.00% of total Pension Plan contributions. The Department contributed 100% of its statutorily required contributions for the current and preceding three years. The HIS Program contributions are deposited in a separate trust fund from which payments are authorized. The HIS Program benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The Department's employer contributions to the HIS Program totaled \$82,656 for the fiscal year ended September 30, 2023. The Department contributed 100 percent of its statutorily required contributions for the current and preceding two years.

Net Pension Liability, Deferrals and Pension Expense

At September 30, 2023 the Department reported a liability of \$10.2 million for its proportionate share of the HIS Program's net pension liability, which was measured as of June 30, 2023. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2023. The Department's proportionate share of the net pension liability was based on the Department's fiscal year 2022-23 fiscal year contributions relative to the 2022-23 fiscal year contributions of all participating members for the same period. At June 30, 2023 the Department's proportionate share was 0.064%, which was a decrease of 0.001 from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the Department recognized pension expense of \$3,860,040 related to the HIS Program. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources:

Description	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$23,928	\$149,241
Change of assumptions	883,391	268,011
Changes in proportion and differences between Department Pension Plan contributions and proportionate share of contributions	214,214	232,747
Net difference between projected and actual Earnings on Pension Plan investments	-	5,265
Department Pension Plan contributions subsequent to the measurement date	-	138,414
Total	<u>\$1,121,533</u>	<u>\$793,678</u>

The Department's contributions to the HIS Program subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2024. Other amounts reported as

deferred outflows and inflows of resources related to the HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2024	(\$76,820)
2025	(35,153)
2026	(61,165)
2027	(163,602)
2028	(112,803)
Thereafter	<u>(16,726)</u>
Total	<u>(\$446,269)</u>

At September 30, 2022 the Department reported a liability of \$6.9 million for its proportionate share of the HIS Program's net pension liability, which was measured as of June 30, 2022. The total pension liability used to calculate the net liability was determined by an actuarial valuation as of July 1, 2022. The Department's proportionate share of the net pension liability was based on the Department's fiscal year 2021-22 fiscal year contributions relative to the 2021-22 fiscal year contributions of all participating members for the same period. At June 30, 2022 the Department's proportionate share was 0.065%, which was an increase of 0.003 from its proportionate share measured as of June 30, 2021.

For the fiscal year ended September 30, 2022, the Department recognized pension expense of \$417,279 related to the HIS Program. In addition, the Department reported deferred outflows of resources and deferred inflows of resources related to the HIS Program from the following sources:

<u>Description</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$30,449	\$210,044
Change of assumptions	1,070,548	396,669
Changes in proportion and differences between Department Pension Plan contributions and proportionate share of contributions	66,478	321,930
Net difference between projected and actual Earnings on Pension Plan investments	-	10,019
Department Pension Plan contributions subsequent to the measurement date	-	107,903
Total	<u>\$1,167,475</u>	<u>\$1,046,565</u>

The Department's contributions to the HIS Program subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to the HIS Program will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2023	(\$52,071)
2024	(23,655)
2025	18,521
2026	(8,182)
2027	(106,609)
Thereafter	<u>(56,817)</u>
Total	<u>(\$228,813)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation:** 2.40 percent.
- **Municipal Bond Rate:** 3.65 percent.
- **Salary Increases:** 3.25 percent, average, including inflation.
- **Mortality:** was calculated using the Generational PUB-2010 with Projection Scale MP-2018, with adjustments for member category and sex projected generationally.

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

- **Inflation:** 2.40 percent.
- **Municipal Bond Rate:** 3.54 percent.
- **Salary Increases:** 3.25 percent, average, including inflation.
- **Mortality:** was calculated using the PUB-2010 with Projection Scale MP-2018, with adjustments for member category and sex projected generationally.

The actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on certain results of an actuarial experience study of the FRS for the period July 1, 2013 through June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent of discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Program sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity to Changes in the Discount Rate - The following tables represents the Department’s proportionate share of the net pension liability as well as what the Department’s proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current rate:

	2023 Discount Rates		
	1% decrease (2.65%)	Current 3.65% Discount Rate	1% increase (4.65%)
Department’s proportionate share of the net pension liability	\$11,630,383	\$10,194,544	9,004,329

	2022 Discount Rates		
	1% decrease (2.54%)	Current 3.54% Discount Rate	1% increase (4.54%)
Department’s proportionate share of the net pension liability	\$7,917,255	\$6,920,181	\$6,095,123

Florida Retirement System Investment Plan

Vesting Provisions: For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll, which is included in the FRS contribution rates, and by forfeited benefits of Investment Plan members. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Department. After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Department's employer contributions to the Investment Plan totaled \$636,202 for the fiscal year ended September 30, 2023.

12. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to the retirement plans, the Department provides a defined benefit health care OPEB plan, which provides medical benefits to all eligible retired employees and their dependents.

OPEB Expense/Expenditures: The Department's share of OPEB expense/expenditures was \$183,267 for the fiscal year ended September 30, 2023. The Department's total OPEB liability was \$1,802,993, with deferred outflows of resources related to OPEB of \$988,432 and deferred inflows of resources related to OPEB of \$214,351 as of September 30, 2023. For the fiscal year ended September 30, 2022 the Department's share of OPEB expense/expenditures was \$158,736. The Department's OPEB liability was \$1,802,720, with deferred outflows of resources related to OPEB of \$1,031,969 and deferred inflows of resources related to OPEB of \$216,537 as of September 30, 2022.

Plan Description - The plan is a single-employer plan administered by the County. The authority to establish and amend the benefit terms and financing requirements is granted to the County Board. The Department, as an entity of the County, is required by Florida Statute 112.0801 to allow its retirees (and eligible dependents) to continue participation in the group insurance plan. No assets are accumulated in a trust which meets the criteria in Paragraph 4 of GASB Statement No. 75. Additionally, there are no legal documents referencing a trust. The healthcare benefits OPEB plan does not issue a separate stand-alone financial report.

Benefits Provided - Retirees of the healthcare benefit OPEB plan must be offered the same coverage as is offered to active employees at a premium cost no more than the premium cost applicable for active employees, resulting in an implicit subsidy.

Employees Covered by Benefit Terms

As of September 30, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries	14
Active members	523
Total	537

As of September 30, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries	14
Active members	523
Total	537

Total OPEB Liability - The total healthcare OPEB liability of \$1,802,993 was measured as of September 30, 2023. The liability measured in the September 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	9/30/2023	9/30/2022
Inflation rate	3.0%	3.0%
Projected annual salary increase	3.0%	3.0%
Discount rate	4.09%	4.02%
Initial healthcare inflation rate	7.0%	7.0%
Ultimate healthcare inflation rate, 12 and 12 years out, respectively	4.0%	4.0%

The discount rate was based on the Bond Buyer 20-Bond GO index.

Mortality rates were based on the PUB 2010 generational table with MP-2019 generational scale and applied on a gender-specific basis.

No formal experience study was performed; however, the actuarial assumptions used in the valuation were consistent with the Florida Retirement System.

Changes in Total OPEB Liability - The following table illustrates changes in the Department's portion of the forgoing for the fiscal years ended September 30, 2023 and 2022:

Description	2023	2022
Balances, beginning of year	\$1,802,720	\$1,217,779
Changes for the year:		
Service cost	75,496	72,936
Interest cost	73,803	29,904
Differences between expected and actual experience	68,649	916,140
Changes in assumptions or other inputs	(8,821)	(233,170)
Benefit payments	(208,854)	(200,869)
Net changes	273	584,941
Total	\$1,802,993	\$1,802,720

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following tables present the Department's share of the total OPEB liability as well as what that liability would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	2023 Discount Rates		
	1% decrease (3.09%)	Current 4.09% Discount Rate	1% increase (5.09%)
Total OPEB liability	\$1,945,282	\$1,802,993	\$1,677,097

	2022 Discount Rates		
	1% decrease (3.02%)	Current 4.02% Discount Rate	1% increase (5.02%)
Total OPEB liability	\$1,945,008	\$1,802,720	\$1,676,794

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates - The table on the following page presents the Department's share of the total OPEB liability as well as what that liability would be if it were calculated using healthcare cost trend rates 1 percent lower or 1 percent higher than the assumed trend rate:

	2023 Healthcare Cost Trend Rates		
	1% decrease 6.0% decreasing to 3.0% over 12 years	Current Rate 7.0% decreasing to 4.0% over 12 years	1% increase 8.0% decreasing to 5.0% over 12 years
Total OPEB Liability	\$1,630,876	\$1,802,993	\$2,009,641

	2022 Healthcare Cost Trend Rates		
	1% decrease 6.0% decreasing to 3.0% over 12 years	Current Rate 7.0% decreasing to 4.0% over 12 years	1% increase 8.0% decreasing to 5.0% over 12 years
Total OPEB Liability	\$1,630,577	\$1,802,720	\$2,009,400

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB -

For the fiscal years ended September 30, 2023 and September 30, 2022 the healthcare OPEB plan recognized OPEB expense of \$183,267 and \$158,735, respectively. At September 30, 2023 and September 30, 2022 the plan reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following:

Fiscal Year Ending September 30, 2023		
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$819,240	
Change of assumptions/inputs	<u>169,192</u>	<u>\$214,351</u>
Total	<u>\$988,432</u>	<u>\$214,351</u>

Fiscal Year Ending September 30, 2022		
Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$850,779	
Change of assumptions/inputs	<u>181,190</u>	<u>\$216,537</u>
Total	<u>\$1,031,969</u>	<u>\$216,537</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the healthcare OPEB plan will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2024	\$68,405
2025	68,405
2026	68,405
2027	68,405
2028	68,405
Thereafter	<u>432,056</u>
Total	<u>\$774,081</u>

13. INTEREST COSTS

Total interest costs incurred by the Department were \$3,189,807 and \$3,326,430 for the fiscal years ended September 30, 2023 and 2022, respectively.

14. RELATED PARTY TRANSACTIONS

The County allocated to the Department certain support department costs which include legal, administrative, fiscal, purchasing, personnel, internal audit, data processing, and communication costs. The Department is also charged for the costs of services provided by the County's Fleet Management, Casualty Self-Insurance, Employee Health Insurance, and Workers' Compensation Internal Service Funds. The total of such costs charged to expense for the fiscal years ended September 30, 2023 and 2022, was approximately \$30,162,000 and \$28,783,000, respectively.

The Department covers risk of loss from fire, theft, natural disasters, and damage to assets, in excess of \$200,000 per person or \$300,000 per occurrence, with commercial insurance purchased through the County's Risk Management Fund, with the coverage specifically designated for the Department's facilities. In none of the last three fiscal years have settlements pertaining to the Department's property exceeded insurance coverage.

Liability claims risk from torts, errors of omission, negligence, and the aforementioned causes (below the specified limits) is covered by the Department's participation in the County's Casualty Self-Insurance Fund (a public entity risk pool in which all County departments, excluding the Sheriff, participate). Premiums are based on estimates of

the amounts needed to pay prior year claims, current year claims, and claims incurred but not reported. Settlements pertaining to the Department have not exceeded coverage limits in any of the past three years.

The Department's risk for injuries to employees is covered 100% under the County's self-insured Workers' Compensation Fund. Premiums and participation are the same as for the Casualty Self-Insurance Fund.

The Department provides health insurance to its employees through the County's self-insured policy. All County departments participate, with premiums determined on the same premise as above. Settled claims have not exceeded coverage in any of the last three years.

15. CONTINGENCIES

The Department is involved in various lawsuits arising from the ordinary course of operations. Although the outcome of these matters is not presently determinable, it is the opinion of Department management, based on consultation with legal counsel, that the outcome of these matters will not materially affect the financial position of the Department.

16. DEFERRED COMPENSATION

The Department participates in the County's Deferred Compensation Plan. The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or certain unforeseen emergencies.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are (until paid or made available to the employee or other beneficiary) held in trust for the exclusive benefit of the plan participants and their beneficiaries.

17. SUBSEQUENT EVENTS

The Department's management evaluated subsequent events through March 29, 2024, the date the financial statements were available to be issued, and has determined that no additional material events have occurred which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION
(unaudited)

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
For the Last Ten Fiscal Years*

(REQUIRED SUPPLEMENTARY INFORMATION)
(unaudited)

Schedule of Proportionate Share of Net Pensions Liability

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Department's proportion of the FRS net pension liability	0.082%	0.082%	0.079%
Department's proportionate share of the FRS net pension liability	\$ 32,539,583	\$ 30,619,491	\$ 5,973,024
Department's covered payroll	\$ 36,222,512	\$ 35,060,232	\$ 34,159,806
Department's proportionate share of the FRS net pension liability as a percentage of its covered payroll	89.8%	87.3%	17.5%
FRS Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%

NOTE: The schedule is presented to illustrate the requirements of GASB Statement No. 68 as of June 30th.

Schedule of Contributions to Florida Retirement System Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required FRS contribution	\$ 4,896,622	\$ 4,198,620	\$ 3,611,093
FRS contributions in relation to the contractually required contribution	\$ 4,896,622	\$ 4,198,620	\$ 3,611,093
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -
Department's covered payroll	\$ 37,963,731	\$ 35,613,866	\$ 33,716,977
FRS contributions as a percentage of covered payroll	12.9%	11.8%	10.7%

NOTE: The schedule is presented to illustrate the requirements of GASB Statement No. 68 as of September 30th.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
FLORIDA RETIREMENT SYSTEM PENSION PLAN (FRS)
For the Last Ten Fiscal Years*

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.078%	0.075%	0.076%	0.081%	0.079%	0.078%	0.079%
\$ 33,835,434	\$ 25,861,898	\$ 22,915,248	\$ 23,906,665	\$ 19,919,085	\$ 10,030,459	\$ 4,847,927
\$ 32,012,003	\$ 31,262,882	\$ 31,009,120	\$ 31,394,359	\$ 31,953,486	\$ 29,503,880	\$ 28,927,640
105.7%	82.7%	73.9%	76.1%	62.3%	34.0%	16.8%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 3,122,589	\$ 2,804,807	\$ 2,595,181	\$ 2,479,881	\$ 2,383,065	\$ 2,260,802	\$ 2,159,631
\$ 3,122,589	\$ 2,804,807	\$ 2,595,181	\$ 2,479,881	\$ 2,383,065	\$ 2,260,802	\$ 2,159,631
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,918,741	\$ 31,984,496	\$ 30,579,222	\$ 30,596,525	\$ 30,413,366	\$ 29,254,317	\$ 28,937,668
9.5%	8.8%	8.5%	8.1%	7.8%	7.7%	7.5%

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
For the Last Ten Fiscal Years

(REQUIRED SUPPLEMENTARY INFORMATION)
(unaudited)

Schedule of Proportionate Share of Net Pensions Liability

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Department's proportion of the HIS net pension liability	0.064%	0.065%	0.062%
Department's proportionate share of the HIS net pension liability	\$ 10,194,544	\$ 6,920,181	\$ 7,630,215
Department's covered payroll	\$ 36,222,512	\$ 35,060,232	\$ 34,159,806
Department's proportionate share of the HIS net pension liability as a percentage of its covered payroll	28.1%	19.7%	22.3%
HIS Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%

NOTE: The schedule is presented to illustrate the requirements of GASB Statement No. 68 as of June 30th.

Schedule of Contributions to Health Insurance Subsidy Pension Plan

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required HIS contribution	\$ 82,656	\$ 70,874	\$ 60,956
HIS contributions in relation to the contractually required contribution	\$ 82,656	\$ 70,874	\$ 60,956
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Department's covered payroll	\$ 37,963,731	\$ 35,613,866	\$ 33,716,977
HIS contributions as a percentage of covered payroll	0.22%	0.20%	0.18%

NOTE: The schedule is presented to illustrate the requirements of GASB Statement No. 68 as of September 30th.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
HEALTH INSURANCE SUBSIDY PENSION PLAN (HIS)
For the Last Ten Fiscal Years

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.058%	0.057%	0.058%	0.060%	0.060%	0.061%	0.061%
\$ 7,142,536	\$ 6,350,116	\$ 6,114,168	\$ 6,441,337	\$ 6,870,208	\$ 6,165,853	\$ 5,730,171
\$ 32,012,003	\$ 31,262,882	\$ 31,009,120	\$ 31,394,359	\$ 31,953,486	\$ 29,503,880	\$ 28,927,640
22.3%	20.3%	19.7%	20.5%	21.5%	20.9%	19.8%
3.00%	2.63%	2.15%	1.64%	0.97%	0.99%	0.99%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 52,710	\$ 47,346	\$ 43,807	\$ 41,861	\$ 40,227	\$ 28,850	\$ 27,559
\$ 52,710	\$ 47,346	\$ 43,807	\$ 41,861	\$ 40,227	\$ 28,850	\$ 27,559
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 32,918,741	\$ 31,984,496	\$ 30,579,222	\$ 30,596,525	\$ 30,413,366	\$ 29,254,317	\$ 28,934,668
0.16%	0.15%	0.14%	0.14%	0.13%	0.10%	0.10%

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
COUNTY HEALTH-CARE OPEB PLAN
Last Ten Fiscal Years
(REQUIRED SUPPLEMENTARY INFORMATION)
(unaudited)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability - beginning	\$ 1,802,720	\$ 1,217,779	\$ 1,281,415
Service cost	75,496	72,936	76,632
Interest cost	73,803	29,904	35,115
Differences between expected and actual experience	68,649	916,140	-
Change of assumptions	(8,821)	(233,170)	7,248
Benefit payments, including refunds of member contributions	(208,854)	(200,869)	(182,631)
Net change in total OPEB liability	<u>273</u>	<u>584,941</u>	<u>(63,636)</u>
Total OPEB liability - ending	<u>\$ 1,802,993</u>	<u>\$ 1,802,720</u>	<u>\$ 1,217,779</u>
Covered employee payroll	\$ 37,963,731	\$ 35,613,866	\$ 33,716,977
Total OPEB liability as a percentage of covered employee payroll	4.7%	5.1%	3.6%

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2023	4.09%	-	-
2022	-	4.02%	-
2021	-	-	2.16%
2020	-	-	-
2019	-	-	-
2018	-	-	-

Notes to Schedule:

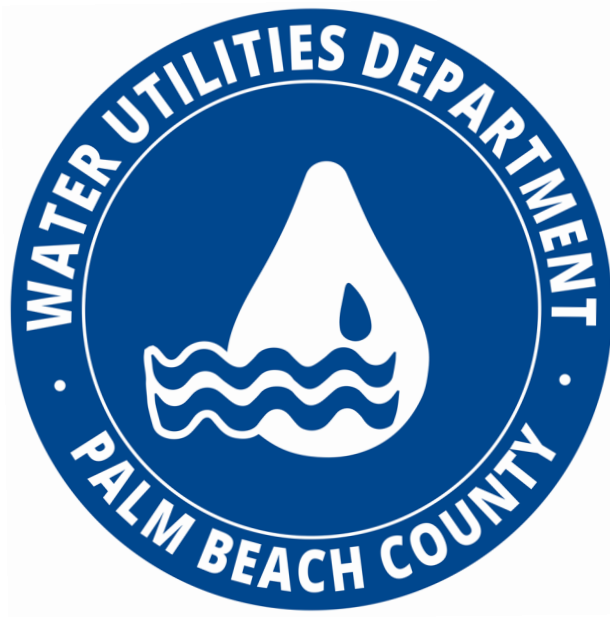
- (1) GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", was implemented in fiscal year 2018 requiring ten-year trend data. Additional years will be displayed as the data becomes available.
- (2) Amounts are as of September 30th of each year.
- (3) Currently only data for 2018 through 2023 is available.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
COUNTY HEALTH-CARE OPEB PLAN
Last Ten Fiscal Years

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 1,027,869	\$ 988,208	\$ 1,064,296
51,282	58,942	46,378
37,572	67,172	59,065
137,523	-	-
185,801	131,482	(41,803)
(158,632)	(217,935)	(139,728)
<u>253,546</u>	<u>39,661</u>	<u>(76,088)</u>
<u>\$ 1,281,415</u>	<u>\$ 1,027,869</u>	<u>\$ 988,208</u>

\$ 32,918,741	\$ 31,984,496	\$ 30,579,222
3.9%	3.2%	3.2%

-	-	-
-	-	-
-	-	-
2.21%	-	-
-	2.66%	-
-	-	4.24%



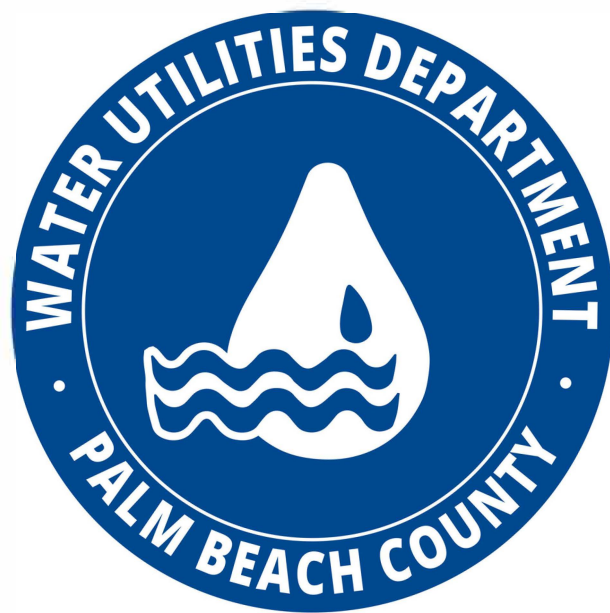
SUPPLEMENTARY INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
REVENUES, EXPENSES (natural classification), AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2023
(Supplementary Information)

	<u>Original Budget</u>	<u>Current Budget</u>	<u>Actual Results</u>	<u>Variance</u>	<u>%</u>
OPERATING REVENUES:					
Charges for services	\$ 235,969,000	\$ 235,969,000	\$ 235,671,244	\$ (297,756)	0%
Other operating revenue	4,718,000	4,718,000	5,433,215	715,215	15%
Total operating revenues	240,687,000	240,687,000	241,104,459	417,459	0%
OPERATING EXPENSES:					
Personal services	61,479,854	61,527,230	57,954,930	3,572,300	6%
Depreciation and amortization	53,914,020	53,914,020	53,914,020	-	0%
Maintenance	51,332,814	51,332,809	37,110,548	14,222,261	28%
Supplies	25,167,346	25,167,207	25,135,981	31,226	0%
Contractual services	25,334,664	25,287,432	22,940,557	2,346,875	9%
Purchased water and wastewater treatment	14,392,000	14,392,000	18,305,042	(3,913,042)	-27%
Utilities	10,281,900	10,281,900	11,215,450	(933,550)	-9%
Equity interest in net gain of joint venture	(134,224)	(134,224)	(134,224)	-	0%
Miscellaneous	2,688,311	2,688,311	2,026,970	661,341	25%
Total operating expenses	244,456,685	244,456,685	228,469,274	15,987,411	7%
OPERATING INCOME (LOSS)	(3,769,685)	(3,769,685)	12,635,185	16,404,870	435%
NONOPERATING REVENUES (EXPENSES):					
Investment income	2,694,500	2,694,500	17,342,664	14,648,164	544%
Interest expense	(3,532,000)	(3,532,000)	(3,189,807)	342,193	10%
Engineering fees	679,000	679,000	1,727,862	1,048,862	154%
Engineering expenses	(1,236,670)	(1,236,670)	(1,060,815)	175,855	14%
Other	304,000	304,000	1,353,585	1,049,585	345%
Total nonoperating revenues (expenses)	(1,091,170)	(1,091,170)	16,173,489	17,264,659	1582%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS					
	(4,860,855)	(4,860,855)	28,808,674	33,669,529	693%
Transfers to other County Funds	(71,400)	(71,400)	(2,215,021)	(2,143,621)	-3002%
Capital contributions received, net	48,315,000	48,315,000	39,190,183	(9,124,817)	-19%
CHANGE IN NET POSITION	\$ 43,382,745	\$ 43,382,745	\$ 65,783,836	\$ 22,401,091	52%

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
BUDGETARY COMPARISON SCHEDULE
REVENUES, EXPENSES (functional classification), AND CHANGES IN NET POSITION
For the Fiscal Year Ended September 30, 2023
(Supplementary Information)

	<u>Current Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>%</u>
OPERATING REVENUES:				
Water - base facility	\$ 53,183,000	\$ 52,200,470	\$ (982,530)	-2%
Water - commodity	59,550,000	58,450,379	(1,099,621)	-2%
Water - contractual	3,751,000	4,928,749	1,177,749	31%
Wastewater - base facility	74,972,000	74,027,841	(944,159)	-1%
Wastewater - commodity	33,418,000	32,497,402	(920,598)	-3%
Wastewater - contractual	1,618,000	3,888,781	2,270,781	140%
Reclaimed water - retail	2,067,000	2,251,040	184,040	9%
Reclaimed water - bulk	7,410,000	7,426,582	16,582	0%
Other operating revenue	4,718,000	5,433,215	715,215	15%
Total operating revenues	<u>240,687,000</u>	<u>241,104,459</u>	<u>417,459</u>	0%
OPERATING EXPENSES:				
Water treatment	50,102,078	46,126,239	3,975,839	8%
Water distribution	17,678,164	15,128,820	2,549,344	14%
Wastewater treatment	27,962,413	23,392,312	4,570,101	16%
Wastewater collection	28,871,335	24,690,684	4,180,651	14%
Purchased water and wastewater treatment	14,392,000	18,305,042	(3,913,042)	-27%
Customer accounts	11,251,820	10,402,732	849,088	8%
Administrative and general	40,419,079	36,643,649	3,775,430	9%
Total operating expenses	<u>190,676,889</u>	<u>174,689,478</u>	<u>15,987,411</u>	8%
Operating income before depreciation, amortization and equity interest in net gain of joint venture				
	50,010,111	66,414,981	16,404,870	33%
Depreciation and amortization	53,914,020	53,914,020	-	0%
Equity interest in net gain of joint venture	(134,224)	(134,224)	-	0%
OPERATING INCOME (LOSS)	<u>(3,769,685)</u>	<u>12,635,185</u>	<u>16,404,870</u>	435%
NONOPERATING REVENUES (EXPENSES):				
Investment income	2,694,500	17,342,664	14,648,164	544%
Interest expense	(3,532,000)	(3,189,807)	342,193	10%
Engineering fees	679,000	1,727,862	1,048,862	154%
Engineering expenses	(1,236,670)	(1,060,815)	175,855	14%
Other	304,000	1,353,585	1,049,585	345%
Total nonoperating revenues (expenses)	<u>(1,091,170)</u>	<u>16,173,489</u>	<u>17,264,659</u>	1582%
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS				
	(4,860,855)	28,808,674	33,669,529	693%
Transfers to other County Funds	(71,400)	(2,215,021)	(2,143,621)	-3002%
Capital contributions received, net	48,315,000	39,190,183	(9,124,817)	-19%
CHANGE IN NET POSITION	<u>\$ 43,382,745</u>	<u>\$ 65,783,836</u>	<u>\$ 22,401,091</u>	52%
CONNECTION FEES INCLUDED IN CAPITAL CONTRIBUTIONS				
	<u>\$ 11,603,000</u>	<u>\$ 12,712,828</u>	<u>\$ 1,109,828</u>	10%



STATISTICAL SECTION



Photograph by Rick Rivers

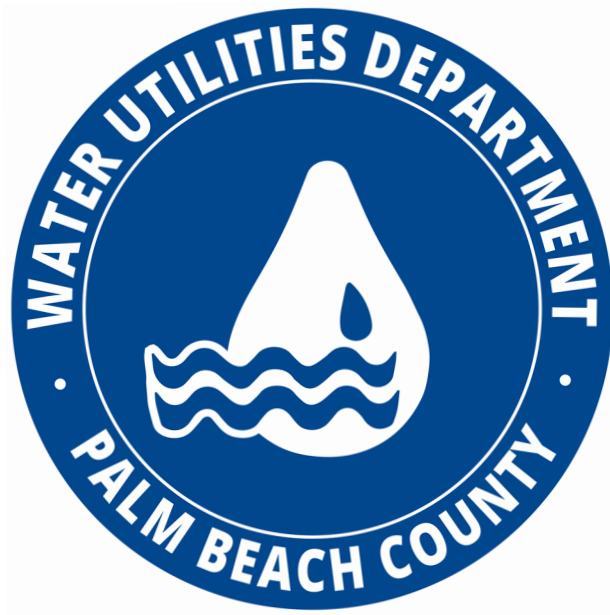
STATISTICAL SECTION

This part of the Palm Beach County Water Utility Department's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Department's overall financial health.

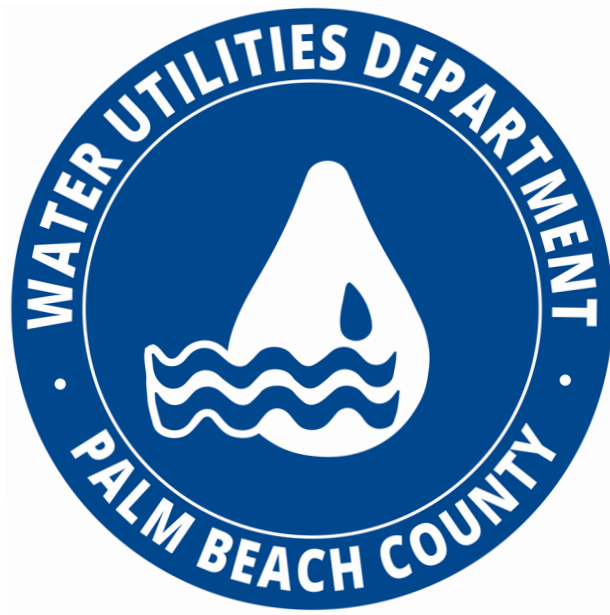
Contents

	PAGE
Financial Trends	65
These schedules contain trend information to help the reader understand how the Department's financial performance and well-being have changed over time.	
Revenue Capacity	73
These schedules contain information to help the reader assess the factors affecting the Department's ability to generate water and wastewater revenues.	
Debt Capacity	95
These schedules present information to help the reader assess the affordability of the Department's current levels of outstanding debt and the Department's ability to issue additional debt in the future.	
Demographic and Economic Information	99
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Department's financial activities take place and to help make comparisons over time.	
Operating Information	103
These schedules contain information about the Department's operations and resources to help the reader understand how the Department's financial information relates to the services the Department provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year or other Department records.



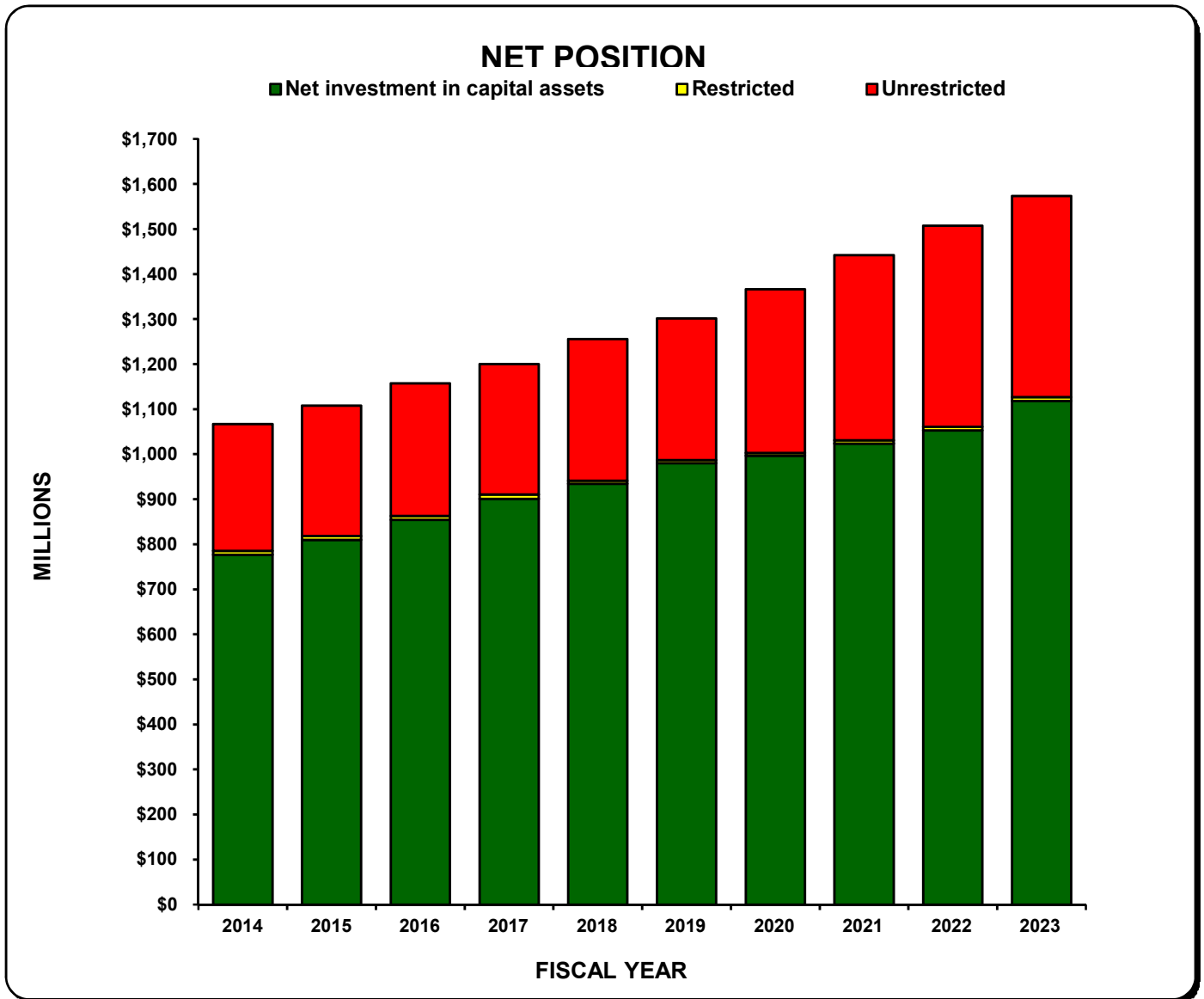
FINANCIAL TRENDS INFORMATION



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SCHEDULE OF NET POSITION BY COMPONENT
 Last Ten Fiscal Years

(in thousands)	2023	2022	2021 ⁽¹⁾	2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ^{(1) (2)}
Net investment										
in capital assets	\$1,118,395	\$1,052,876	\$1,023,405	\$996,632	\$980,280	\$934,527	\$900,761	\$854,009	\$809,868	\$776,672
Restricted	8,149	7,905	7,672	6,116	6,537	6,302	9,503	8,693	8,353	8,568
Unrestricted	446,540	446,519	410,893	363,371	314,509	314,997	289,505	294,666	289,855	281,490
TOTAL NET POSITION	\$1,573,084	\$1,507,300	\$1,441,970	\$1,366,119	\$1,301,326	\$1,255,826	\$1,199,769	\$1,157,368	\$1,108,076	\$1,066,730

- (1) Amounts restated per GASB 87 & 89.
- (2) Amounts restated per GASB 68 & 71.



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (000's)
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021*</u>
OPERATING REVENUES:			
Charges for services	\$235,671	\$226,101	\$221,161
Other operating revenue	5,433	6,270	5,402
Total operating revenues	<u>241,104</u>	<u>232,371</u>	<u>226,563</u>
OPERATING EXPENSES:			
Personal services	57,955	50,004	43,820
Depreciation and amortization	53,914	54,041	53,792
Maintenance	37,111	34,000	30,701
Contractual services	22,941	21,569	20,612
Supplies	25,136	21,095	18,608
Purchased water and wastewater treatment	18,305	10,838	11,965
Utilities	11,215	10,346	8,599
Miscellaneous	2,026	1,798	2,484
Equity interest in net (income) loss of joint venture	(134)	(646)	(1,421)
Total operating expenses	<u>228,469</u>	<u>203,045</u>	<u>189,160</u>
OPERATING INCOME (LOSS)	<u>12,635</u>	<u>29,326</u>	<u>37,403</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	17,343	4,282	3,891
Engineering fees	1,728	1,018	716
Other	1,353	185	(140)
Guaranteed revenue	-	-	-
Engineering expenses	(1,060)	(915)	(800)
Interest expense	(3,190)	(3,326)	(3,545)
Total nonoperating revenues (expenses)	<u>16,174</u>	<u>1,244</u>	<u>122</u>
Income (loss) before capital contributions, transfers, special item and prior period adjustment	<u>28,809</u>	<u>30,570</u>	<u>37,525</u>
Capital contributions received	39,190	33,233	38,270
Transfers from other County funds	-	1,598	125
Transfers to other County funds	(2,215)	(71)	(69)
Contributions to other governments	-	-	-
Special item - Contribution from Absorption of the GUA	-	-	-
Prior period adjustment: Implementation of GASB Statements 68 & 71	-	-	-
CHANGE IN NET POSITION	<u>65,784</u>	<u>65,330</u>	<u>75,851</u>
BEGINNING NET POSITION AS PREVIOUSLY REPORTED	<u>1,507,300</u>	<u>1,441,970</u>	<u>1,366,119</u>
Restatement for GASB Statement #75 implementation	-	-	-
BEGINNING NET POSITION AS RESTATED	<u>1,507,300</u>	<u>1,441,970</u>	<u>1,366,119</u>
NET POSITION, END OF PERIOD	<u><u>1,573,084</u></u>	<u><u>1,507,300</u></u>	<u><u>1,441,970</u></u>

* Amounts restated per GASB 87 & 89.

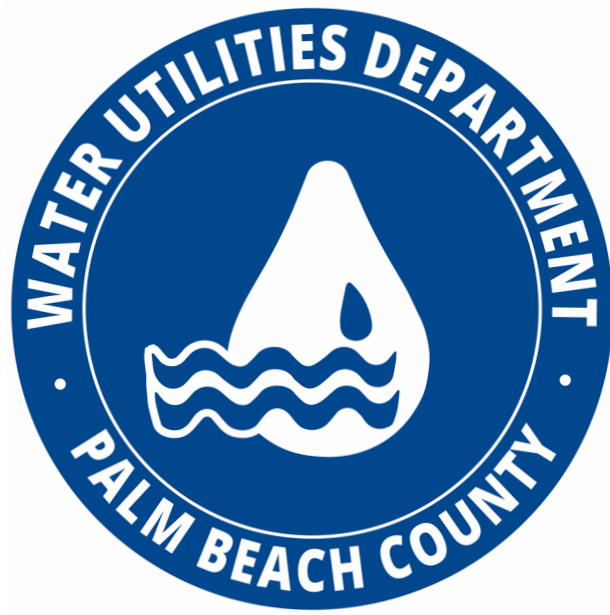
** Amounts restated per GASB 68 & 71.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014**</u>
\$213,331	\$199,847	\$191,700	\$187,624	\$180,796	\$170,471	\$164,001
4,646	5,127	5,508	5,416	5,418	6,332	5,939
<u>217,977</u>	<u>204,974</u>	<u>197,208</u>	<u>193,040</u>	<u>186,214</u>	<u>176,803</u>	<u>169,940</u>
50,243	47,184	42,958	43,619	41,774	37,543	36,692
51,977	51,453	50,035	47,247	44,676	42,385	41,244
34,065	33,035	24,869	32,057	29,659	24,990	26,440
19,484	19,421	18,030	18,851	17,728	16,679	15,132
18,574	36,099	19,406	18,925	15,398	15,067	14,507
10,042	11,116	11,257	9,173	9,295	10,317	6,989
8,001	8,393	8,279	8,632	8,029	8,155	8,180
2,636	2,978	2,230	2,183	2,391	2,445	2,371
(811)	(2,352)	(2,996)	(1,768)	(1,127)	(193)	925
<u>194,211</u>	<u>207,327</u>	<u>174,068</u>	<u>178,919</u>	<u>167,823</u>	<u>157,388</u>	<u>152,480</u>
<u>23,766</u>	<u>(2,353)</u>	<u>23,140</u>	<u>14,121</u>	<u>18,391</u>	<u>19,415</u>	<u>17,460</u>
5,245	8,168	5,263	4,730	3,850	3,682	3,518
843	1,021	885	1,076	950	952	634
(25)	372	615	473	727	2,736	3,180
-	-	6,129	5,062	7,532	7,603	4,422
(893)	(949)	(848)	(448)	(660)	(578)	(628)
(2,597)	(4,074)	(4,804)	(5,441)	(5,337)	(6,075)	(7,029)
<u>2,573</u>	<u>4,538</u>	<u>7,240</u>	<u>5,452</u>	<u>7,062</u>	<u>8,320</u>	<u>4,097</u>
<u>26,339</u>	<u>2,185</u>	<u>30,380</u>	<u>19,573</u>	<u>25,453</u>	<u>27,735</u>	<u>21,557</u>
38,303	41,374	26,917	22,939	23,950	26,223	19,084
287	2,114	-	-	-	-	1,383
(136)	(173)	(144)	(111)	(111)	(12,612)	(71)
-	-	-	-	-	-	(34)
-	-	-	-	-	-	1
-	-	-	-	-	-	-
<u>64,793</u>	<u>45,500</u>	<u>57,153</u>	<u>42,401</u>	<u>49,292</u>	<u>41,346</u>	<u>41,920</u>
<u>1,301,326</u>	<u>1,255,826</u>	<u>1,199,769</u>	<u>1,157,368</u>	<u>1,108,076</u>	<u>1,066,730</u>	<u>1,024,810</u>
-	-	(1,096)	-	-	-	-
<u>1,301,326</u>	<u>1,255,826</u>	<u>1,198,673</u>	<u>1,157,368</u>	<u>1,108,076</u>	<u>1,066,730</u>	<u>1,024,810</u>
<u>1,366,119</u>	<u>1,301,326</u>	<u>1,255,826</u>	<u>\$1,199,769</u>	<u>\$1,157,368</u>	<u>1,108,076</u>	<u>1,066,730</u>

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OPERATING REVENUES BY SOURCE AND OPERATING EXPENSES BY FUNCTION (000's)
Last Ten Fiscal Years

	2023	2022	2021
OPERATING REVENUES BY SOURCE:			
Charges for services:			
Water - base facility	\$52,200	\$50,619	\$51,166
Water - commodity	58,450	56,181	55,086
Water - contractual	4,929	3,654	3,647
Wastewater - base facility	74,028	71,788	62,308
Wastewater - commodity	32,497	31,362	36,303
Wastewater - contractual	3,889	3,134	2,670
Reclaimed water - retail	2,251	2,389	1,971
Reclaimed water - bulk	7,427	6,974	7,419
Customer account charge	-	-	592
	235,671	226,101	221,162
Other operating revenue:			
Meter sales	707	786	976
Service charges	1,240	1,238	1,128
Industrial pretreatment	1,106	1,058	878
Miscellaneous	2,380	3,188	2,420
Other operating revenue	5,433	6,270	5,402
Total operating revenues	\$241,104	\$232,371	\$226,564
OPERATING EXPENSES BY FUNCTION:			
Water treatment	\$46,126	\$41,589	\$36,132
Water distribution	15,129	14,443	13,728
Wastewater treatment	23,392	20,332	18,627
Wastewater collection	24,691	24,276	22,161
Purchased water and wastewater treatment	18,305	10,729	11,965
Customer accounts	10,403	9,446	9,264
Administrative and general	36,643	28,835	25,016
Operating expenses before depreciation and amortization and equity interest in net (income) loss of joint venture	174,689	149,650	136,893
Depreciation and amortization	53,914	54,041	53,693
Equity interest in net (income) loss of joint venture	(134)	(646)	(1,421)
Total operating expenses	\$228,469	\$203,045	\$189,165

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$50,795	\$48,281	\$46,774	\$44,954	\$43,722	\$41,876	\$40,462
51,832	47,272	45,023	45,529	43,302	42,321	39,681
3,299	2,494	2,022	1,523	2,268	1,811	2,772
55,606	52,832	51,257	49,301	47,954	46,019	44,573
38,818	36,063	34,645	34,177	32,137	31,266	29,788
2,355	1,691	1,430	972	1,012	877	748
2,481	2,361	1,803	2,121	1,863	1,823	1,589
7,191	7,910	7,789	8,112	7,598	3,546	3,457
954	943	957	935	940	932	931
<u>213,331</u>	<u>199,847</u>	<u>191,700</u>	<u>187,624</u>	<u>180,796</u>	<u>170,471</u>	<u>164,001</u>
782	855	774	599	727	602	660
649	1,115	1,232	1,232	1,272	1,324	1,466
1,242	1,173	1,063	1,007	950	1,031	1,077
1,973	1,984	2,439	2,578	2,469	3,375	2,736
<u>4,646</u>	<u>5,127</u>	<u>5,508</u>	<u>5,416</u>	<u>5,418</u>	<u>6,332</u>	<u>5,939</u>
<u>\$217,977</u>	<u>\$204,974</u>	<u>\$197,208</u>	<u>\$193,040</u>	<u>\$186,214</u>	<u>\$176,803</u>	<u>\$169,940</u>
\$35,356	\$30,229	\$30,828	\$37,443	\$34,589	\$31,395	\$33,332
13,719	23,879	14,307	13,314	11,168	10,131	9,393
18,062	17,073	15,699	16,875	17,553	16,087	15,863
21,572	20,163	18,189	18,606	18,049	16,304	16,077
10,042	11,116	10,641	9,059	8,864	9,882	6,556
10,984	24,846	10,930	10,757	8,649	8,844	7,424
33,310	30,920	26,435	27,386	25,402	22,553	21,666
143,045	158,226	127,029	133,440	124,274	115,196	110,311
51,977	51,453	50,035	47,247	44,676	42,385	41,244
(811)	(2,352)	(2,996)	(1,768)	(1,127)	(193)	925
<u>\$194,211</u>	<u>\$207,327</u>	<u>\$174,068</u>	<u>\$178,919</u>	<u>\$167,823</u>	<u>\$157,388</u>	<u>\$152,480</u>



REVENUE CAPACITY INFORMATION

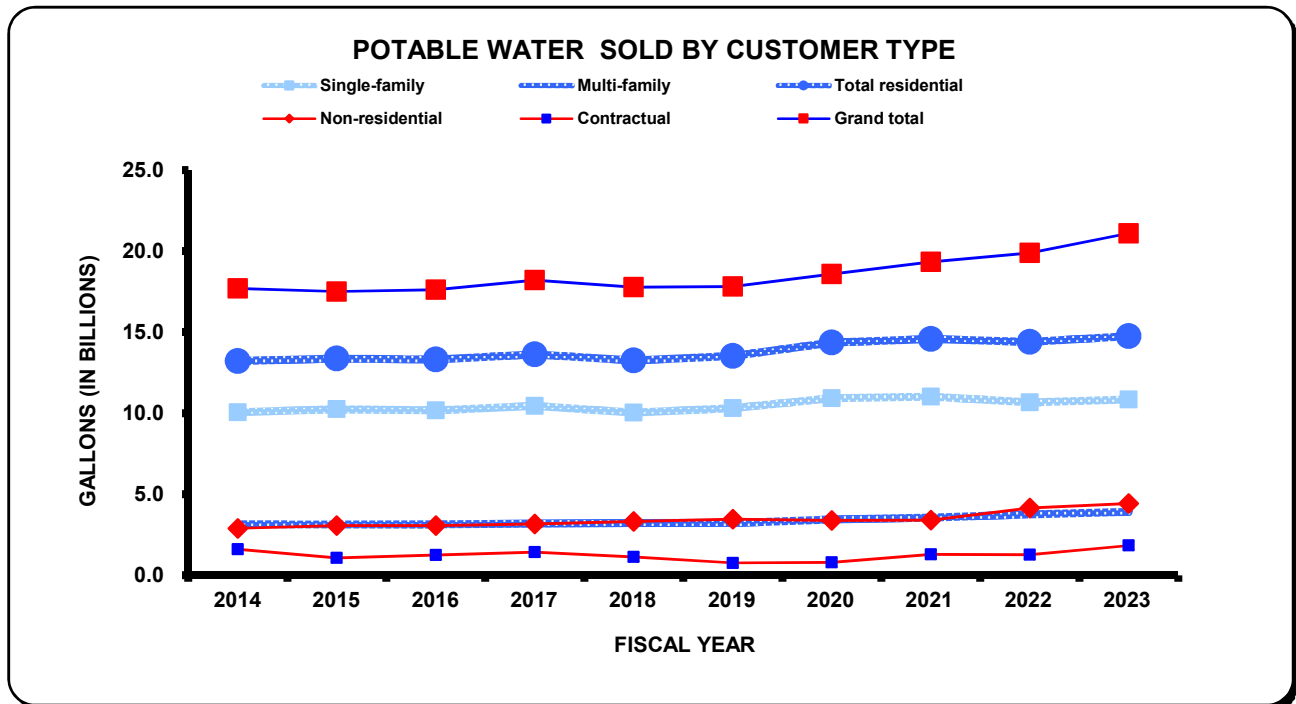
PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER SOLD BY CUSTOMER TYPE
 Last Ten Fiscal Years

(in millions of gallons)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Residential:										
Single-family	10,847	10,656	11,013	10,921	10,304	10,035	10,444	10,165	10,256	10,053
Multi-family	3,907	3,746	3,564	3,429	3,218	3,214	3,180	3,137	3,119	3,152
Total residential	14,754	14,402	14,577	14,350	13,522	13,249	13,624	13,302	13,375	13,205
Non-residential	4,427	4,151	3,394	3,374	3,465	3,311	3,161	3,059	3,057	2,889
Contractual	1,829	1,269	1,293	794	761	1,127	1,423	1,247	1,063	1,597
Other	86	72	69	59	71	87	3	5	5	4
Grand total	21,096	19,894	19,333	18,577	17,819	17,774	18,211	17,613	17,500	17,695
Charges for Services (in thousands)	\$241,104	\$232,371	\$226,564	\$217,977	\$204,974	\$197,208	\$193,040	\$186,214	\$176,803	\$169,940
Calculated Total Direct Rate per Thousand Gallons	\$11.43	\$11.68	\$11.72	\$11.73	\$11.50	\$11.10	\$10.60	\$10.57	\$10.10	\$9.60

Notes:

The Department has a complex rate structure. Charges are based on a combination of factors: customer type, meter size, number of units, and level of consumption. With the exception of wastewater only customers whose total revenue is approximately 1% of the Department's charges for services, both potable water and wastewater charges are calculated based on water sold. Therefore, the calculated total direct rate per thousand gallons is the total charges for services divided by water sold in thousands of gallons. For detail of the Department's rate structure, see pages 76 - 88.

9



PALM BEACH COUNTY, FLORIDA

WATER UTILITIES DEPARTMENT

TEN LARGEST CUSTOMERS

Fiscal Years Ended September 30, 2023 and 2014 (Nine Years Ago)

CUSTOMER	2023			2014		
	Operating Revenues (in thousands)	Rank	%	Operating Revenues (in thousands)	Rank	%
Florida Power & Light Company	\$5,363	1	2.22	\$9,308	1	5.48
Seacoast Utility Authority	4,176	2	1.73	-	-	-
School District of Palm Beach County	2,775	3	1.15	1,590	3	0.94
Century Village West Condominiums	2,735	4	1.13	2,202	2	1.30
GEO Group, Inc.	1,569	5	0.65	-	-	-
Palm Beach County Sheriff's Office	994	6	0.41	588	5	0.35
Seminole Improvement District	794	7	0.33	-	-	-
Palm Beach County Airport	751	8	0.31	-	-	-
MHC Lake Worth Village LLC	694	9	0.29	550	6	0.32
Publix Super Markets, Inc.	685	10	0.28	-	-	-
City of Boynton Beach Interconnect	-	-	-	617	4	0.36
Fountains Condo Oper Inc.	-	-	-	481	7	0.28
Casa Del Monte LLC	-	-	-	480	8	0.28
Golden Lakes Village Condominiums	-	-	-	474	9	0.28
PBC Parks & Rec Dept	-	-	-	446	10	0.26
Subtotal (10 largest)	20,536		8.50	16,736		9.85
Balance from other customers	220,568		91.50	153,204		90.15
Grand totals	\$241,104		100.00	\$169,940		100.00

Source: Department's records

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
AVERAGE RESIDENTIAL CUSTOMER'S MONTHLY BILLING
 Last Ten Fiscal Years

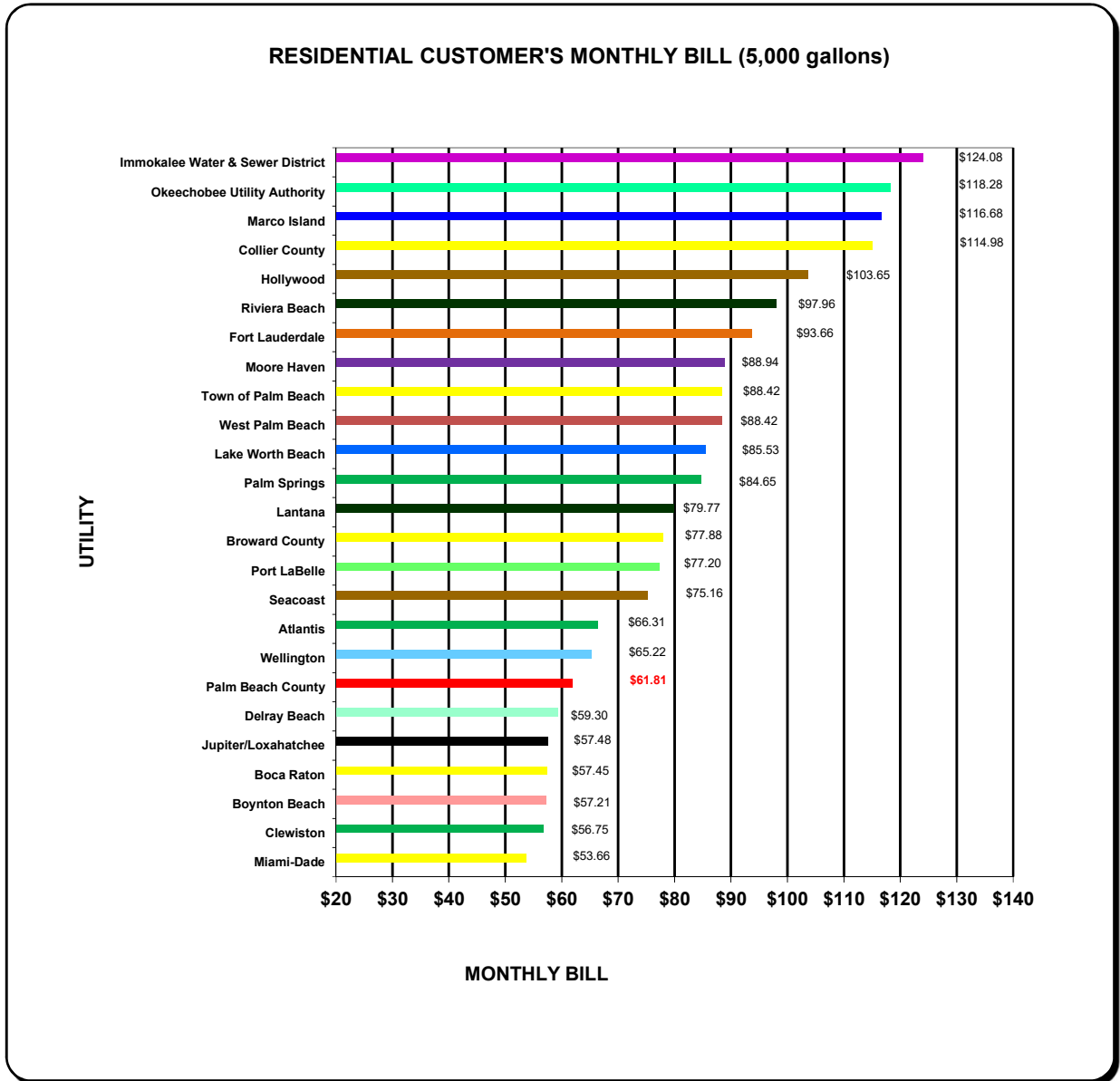
FISCAL YEAR	BASE FACILITY FEE	COMMODITY FEE*	TOTAL FEE	% CHANGE
2023	\$35.18	\$38.40	\$73.58	3.1%
2022	34.15	37.25	71.40	2.6%
2021	33.31	36.30	69.61	0.1%
2020	31.40	38.16	69.56	2.4%
2019	30.67	37.27	67.94	2.6%
2018	29.89	36.31	66.20	2.9%
2017	29.05	35.29	64.34	3.1%
2016	28.18	34.23	62.41	3.9%
2015	27.10	32.94	60.04	2.9%
2014	26.36	32.01	58.37	4.9%

Notes:

An average customer is defined as single-family with a 5/8 x 3/4" meter, having combined potable water and wastewater service, and using 7,500 gallons each month.

* Since the Department calculates the portion of the bill based on usage (commodity fee) in increments of thousands of gallons of water, the commodity fee is calculated for 7,000 gallons.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
RESIDENTIAL CUSTOMER'S MONTHLY BILL COMPARISON
 For Selected Utilities As of 9/30/23



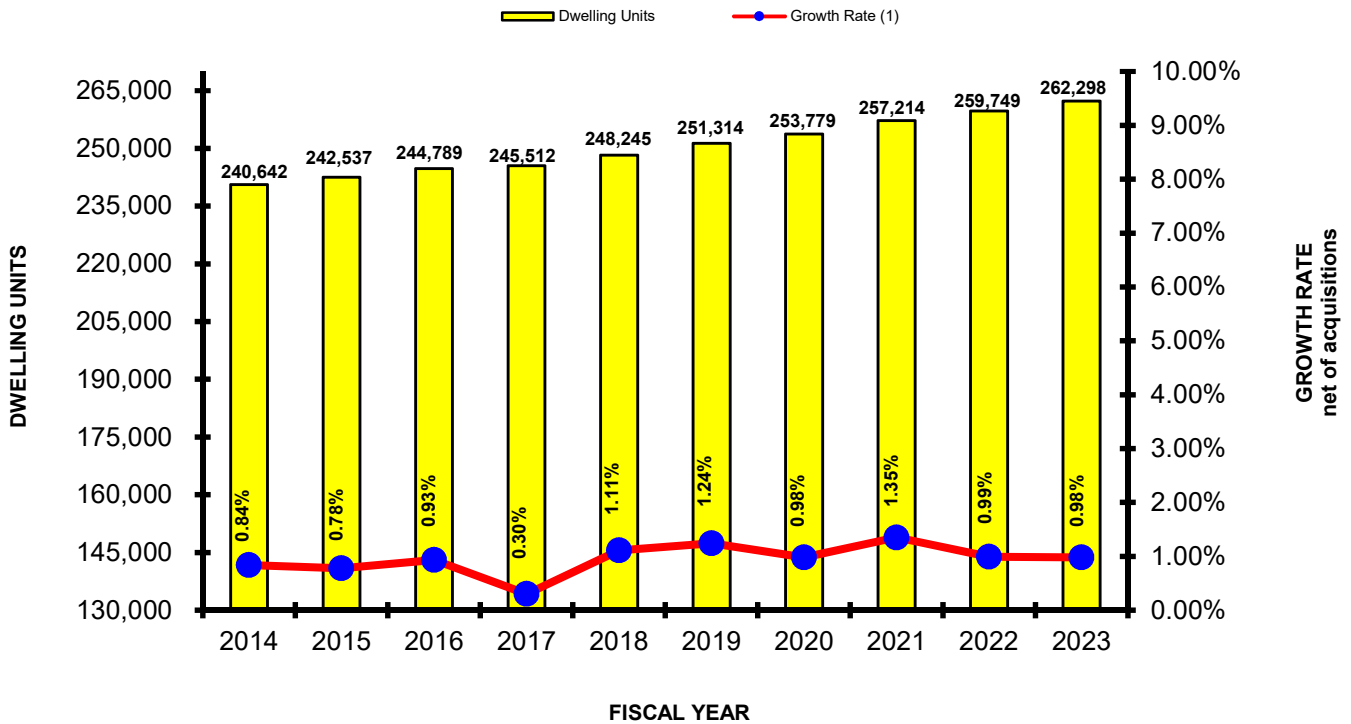
Source: Utility survey

Notes:

Customer's monthly billed includes all fees charged monthly with commodity fee based on usage of 5,000 gallons.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER DWELLING UNITS DATA
 Last Ten Fiscal Years

**TOTAL POTABLE WATER DWELLING UNITS AS OF SEPTEMBER 30/
 GROWTH RATE FOR FISCAL YEAR**



OF DWELLING UNITS BY DWELLING TYPE

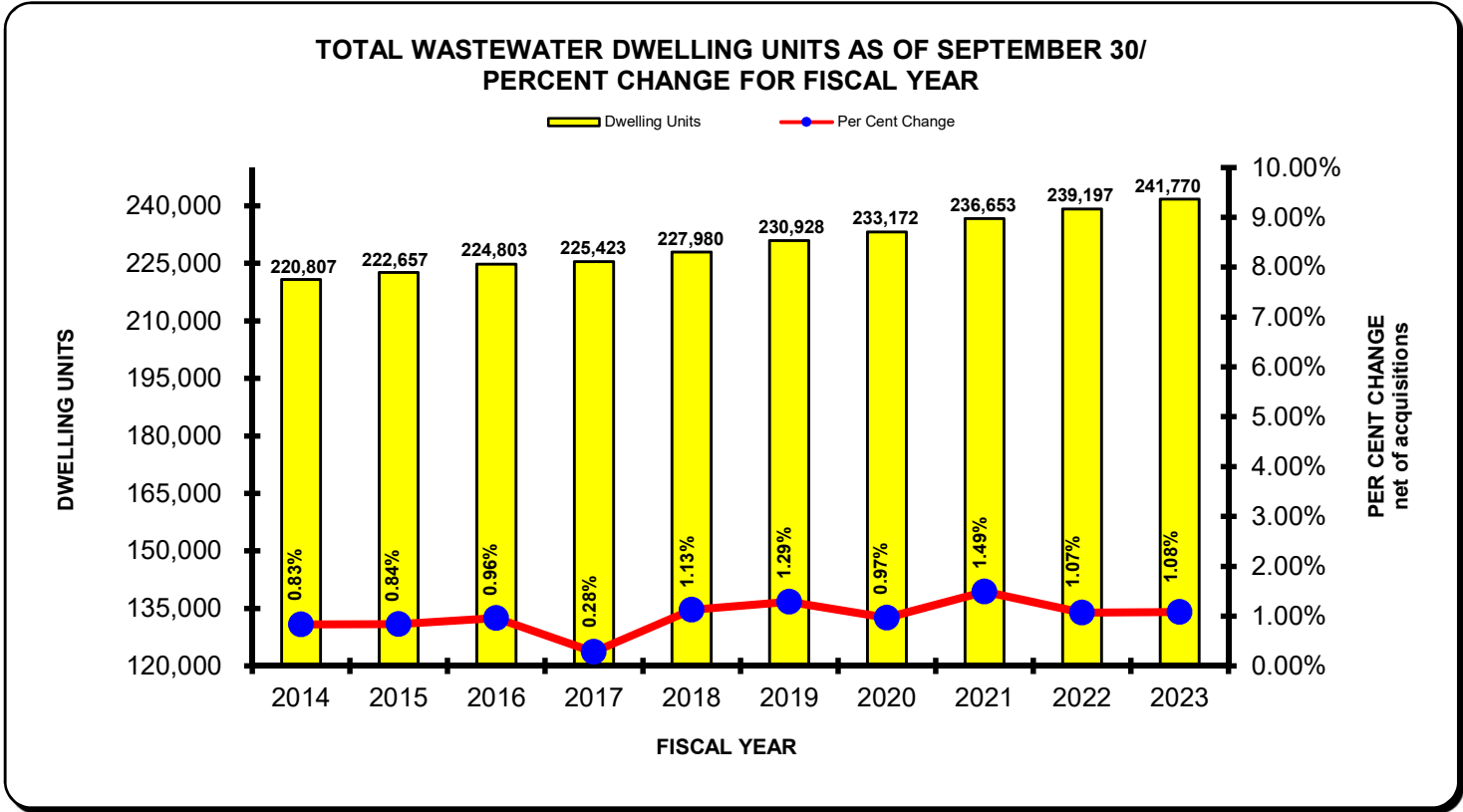
Fiscal Year	Single Family		Multi-Family		Non-Residential ⁽²⁾		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2023	157,384	60.00%	96,870	36.93%	8,044	3.07%	262,298
2022	156,062	60.08%	95,733	36.86%	7,954	3.06%	259,749
2021	154,460	60.05%	94,751	36.84%	8,003	3.11%	257,214
2020	156,172	61.54%	89,668	35.33%	7,939	3.13%	253,779
2019	154,485	61.47%	88,998	35.41%	7,831	3.12%	251,314
2018	152,909	61.60%	87,599	35.29%	7,737	3.11%	248,245
2017	151,452	61.69%	86,457	35.21%	7,603	3.10%	245,512
2016	150,442	61.46%	86,837	35.47%	7,510	3.07%	244,789
2015	149,080	61.47%	85,971	35.45%	7,486	3.08%	242,537
2014	147,915	61.47%	85,369	35.48%	7,358	3.05%	240,642

Notes:

- ⁽¹⁾ The Department measures growth as the change in the number of potable water units served.
- ⁽²⁾ Non-residential does not include contractual/wholesale.

Source: Department's Records

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
WASTEWATER DWELLING UNITS DATA
 Last Ten Fiscal Years



OF DWELLING UNITS BY DWELLING TYPE

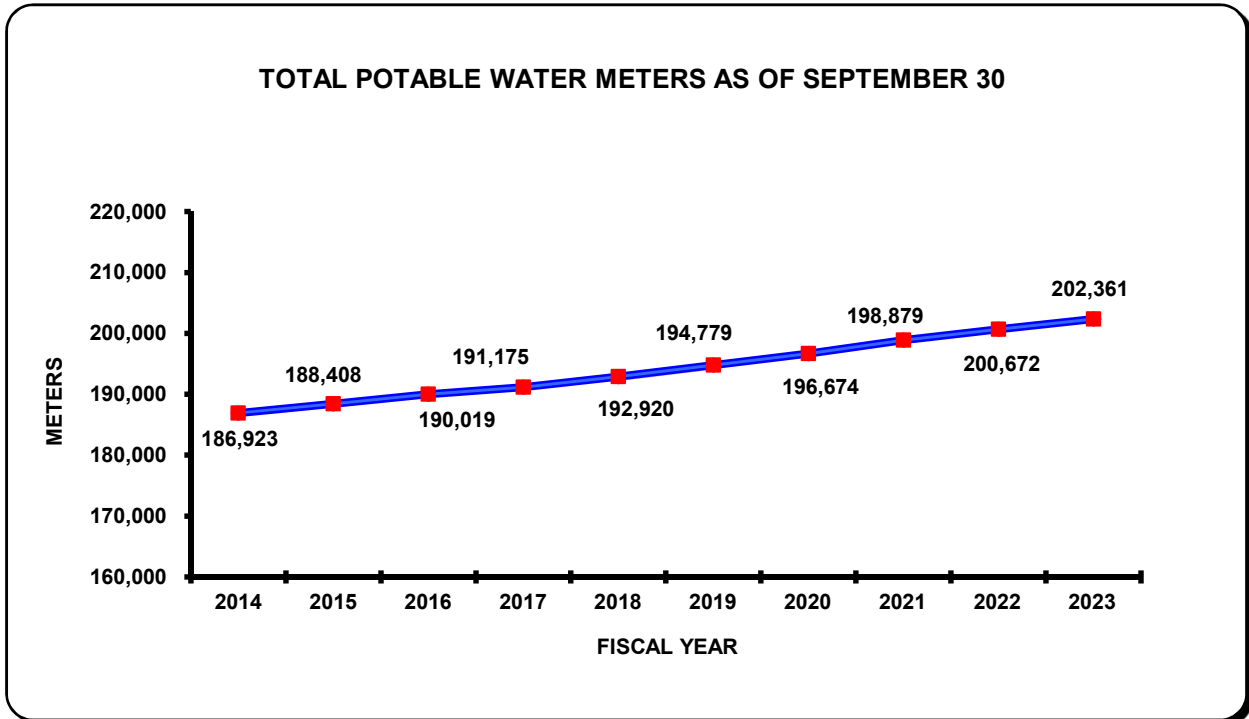
Fiscal Year	Single Family		Multi-Family		Non-Residential ⁽¹⁾		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2023	140,786	58.23%	94,321	39.01%	6,663	2.76%	241,770
2022	139,488	58.32%	93,102	38.92%	6,607	2.76%	239,197
2021	137,926	58.28%	92,170	38.95%	6,557	2.77%	236,653
2020	139,570	59.86%	87,095	37.35%	6,507	2.79%	233,172
2019	138,019	59.77%	86,457	37.44%	6,452	2.79%	230,928
2018	136,547	59.89%	85,072	37.32%	6,361	2.79%	227,980
2017	135,193	59.97%	83,937	37.24%	6,293	2.79%	225,423
2016	134,228	59.71%	84,337	37.52%	6,238	2.77%	224,803
2015	132,981	59.73%	83,485	37.49%	6,191	2.78%	222,657
2014	131,820	59.70%	82,860	37.53%	6,127	2.77%	220,807

Notes:

⁽¹⁾ Non-residential does not include contractual/wholesale.

Source: Department's Records

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER METER DATA
 Last Ten Fiscal Years



OF METERS BY DWELLING TYPE

Fiscal Year	Single Family		Multi-Family		Non-Residential ⁽¹⁾		Contractual/ Wholesale ⁽¹⁾		Annual Total
	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	Count	% of Annual Total	
2023	157,384	77.77%	36,907	18.24%	8,044	3.98%	26	0.01%	202,361
2022	156,062	77.77%	36,631	18.26%	7,954	3.96%	25	0.01%	200,672
2021	154,460	77.67%	36,391	18.30%	8,003	4.02%	25	0.01%	198,879
2020	156,116	79.38%	32,623	16.59%	7,911	4.02%	24	0.01%	196,674
2019	154,429	79.28%	32,525	16.70%	7,802	4.01%	23	0.01%	194,779
2018	152,852	79.23%	32,336	16.76%	7,708	4.00%	24	0.01%	192,920
2017	151,395	79.19%	32,174	16.83%	7,582	3.97%	24	0.01%	191,175
2016	150,385	79.14%	32,118	16.90%	7,491	3.94%	25	0.02%	190,019
2015	149,023	79.10%	31,893	16.93%	7,464	3.96%	28	0.01%	188,408
2014	147,858	79.10%	31,677	16.94%	7,358	3.94%	30	0.02%	186,923

Notes:

⁽¹⁾ Non-residential does not include contractual/wholesale.

Source: Department's Records

CUSTOMER RATE SCHEDULES

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
(Not Including the Western Region Service Area)
Last Ten Fiscal Years

	2023	2022	2021
CUSTOMER ACCOUNT FEE (per meter)			
Multi-Family accounts only	N/A	N/A	N/A
All accounts	N/A	N/A	N/A
POTABLE WATER RATES			
Base Facility Fee			
Single-Family (per meter)			
5/8" x 3/4"	\$ 12.64	\$ 12.27	\$ 11.97
1"	\$ 28.85	\$ 28.00	\$ 27.31
1 1/2 "	\$ 62.35	\$ 60.51	\$ 59.02
2"	\$ 101.19	\$ 98.21	\$ 95.78
Multi-Family (per dwelling unit)	\$ 9.92	\$ 9.63	\$ 9.39
Commodity Fee per thousand gallons			
Single-Family per meter; Multi-Family per dwelling unit			
0-4	\$ 2.08	\$ 2.02	\$ 1.97
5-10	\$ 4.59	\$ 4.45	\$ 4.34
11-25	\$ 8.12	\$ 7.88	\$ 7.69
Over 25	\$ 9.37	\$ 9.09	\$ 8.87
Commodity Fee per thousand gallons			
Multi-Family per dwelling unit (start May 2021)			
0-4	\$ 2.06	\$ 2.00	\$ 1.95
5-10	\$ 3.94	\$ 3.82	\$ 3.73
11-25	\$ 5.44	\$ 5.28	\$ 5.15
Over 25	\$ 9.19	\$ 8.92	\$ 8.70
WASTEWATER RATES			
Base Facility Fee			
Single-Family (per meter)			
5/8" x 3/4"	\$ 22.54	\$ 21.88	\$ 21.34
1"	\$ 51.41	\$ 49.90	\$ 48.67
1 1/2 "	\$ 111.13	\$ 107.86	\$ 105.20
2"	\$ 180.34	\$ 175.03	\$ 170.71
Multi-Family (per dwelling unit)			
Commodity Fee per thousand gallons water			
Single-Family per meter; Multi-Family per dwelling unit			
0-4	\$ 2.33	\$ 2.26	\$ 2.20
5-10	\$ 2.33	\$ 2.26	\$ 2.20
Commodity Fee per thousand gallons water			
Multi-Family per dwelling unit (starting May 2021)			
0-4	\$ 1.77	\$ 1.72	\$ 1.68
5-10	\$ 1.77	\$ 1.72	\$ 1.68

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners. These rates do not apply to approximately 10% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System (for FYs 2007 to FY 2016). Effective October 1, 2016 the FY 2017 rates apply to the customers in the Royal Palm Beach service area.

Rates effective with billings on October 1 of fiscal year unless otherwise indicated.

2020	2019	2018	2017	2016	2015	2014
\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 14.80	\$ 14.46	\$ 14.09	\$ 13.69	\$ 13.28	\$ 12.77	\$ 12.42
\$ 36.14	\$ 35.30	\$ 34.40	\$ 33.43	\$ 32.44	\$ 31.20	\$ 30.34
\$ 54.04	\$ 52.78	\$ 51.44	\$ 49.99	\$ 48.51	\$ 46.66	\$ 45.38
\$ 112.67	\$ 110.05	\$ 107.25	\$ 104.23	\$ 101.14	\$ 97.29	\$ 94.61
\$ 11.03	\$ 10.77	\$ 10.50	\$ 10.20	\$ 9.90	\$ 9.52	\$ 9.26
\$ 1.49	\$ 1.46	\$ 1.42	\$ 1.38	\$ 1.34	\$ 1.29	\$ 1.25
\$ 3.30	\$ 3.22	\$ 3.14	\$ 3.05	\$ 2.96	\$ 2.85	\$ 2.77
\$ 8.31	\$ 8.12	\$ 7.91	\$ 7.69	\$ 7.46	\$ 7.18	\$ 6.98
\$ 10.34	\$ 10.10	\$ 9.84	\$ 9.56	\$ 9.28	\$ 8.93	\$ 8.68
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 16.60	\$ 16.21	\$ 15.80	\$ 15.36	\$ 14.90	\$ 14.33	\$ 13.94
\$ 48.99	\$ 47.85	\$ 46.63	\$ 45.32	\$ 43.97	\$ 42.29	\$ 41.13
\$ 75.22	\$ 73.47	\$ 71.60	\$ 69.59	\$ 67.52	\$ 64.95	\$ 63.16
\$ 164.49	\$ 160.66	\$ 156.57	\$ 152.17	\$ 147.65	\$ 142.02	\$ 138.11
\$ 2.02	\$ 1.97	\$ 1.92	\$ 1.87	\$ 1.81	\$ 1.74	\$ 1.69
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including the Western Region Service Area)

Last Ten Fiscal Years

	2023	2022	2021 ⁽¹⁾
CUSTOMER ACCOUNT FEE (per meter)			
Multi-Family accounts only	N/A	N/A	N/A
All accounts	N/A	N/A	N/A
FIRE LINE RATES			
Base Facility Fee per size of backflow device			
2"	\$ 23.52	\$ 22.83	\$ 22.27
3"	\$ 56.37	\$ 54.71	\$ 53.36
4"	\$ 94.10	Analysis	Analysis
6"	\$ 211.74	Analysis	Analysis
8" and above	\$ 376.42	Analysis	Analysis
RECLAIMED WATER RATES			
Base Facility Fee			
Single-Family (per meter)			
5/8" x 3/4"	\$ 7.63	\$ 7.41	\$ 7.23
5/8" x 3/4" (connection fee paid)	\$ 3.74	\$ 3.63	\$ 3.54
1"	N/A	N/A	N/A
1 1/2 "	N/A	N/A	N/A
2"	N/A	N/A	N/A
Multi-Family (per dwelling unit)	N/A	N/A	N/A
Commodity Fee per thousand gallons	\$ 0.33	\$ 0.32	\$ 0.31
Fixed Commodity Fee (meter size)			

All others see non-residential rates

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

These rates do not apply to approximately 10% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System (for FYs 2007 to FY 2016) Effective October 1, 2016, the FY 2017 rates apply to the customers in the Royal Palm Beach service area.

Rates effective with billings on October 1 of fiscal year unless otherwise indicated

(1) A 20% discount applies to Reclaimed Water rates for lake delivery services.

2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 16.45	\$ 16.07	\$ 15.66	\$ 15.66	\$ 15.22	\$ 14.77	\$ 14.21	\$ 13.82
\$ 30.98	\$ 30.26	\$ 29.49	\$ 29.49	\$ 28.66	\$ 27.81	\$ 26.75	\$ 26.01
\$ 51.62	\$ 50.42	\$ 49.14	\$ 49.14	\$ 47.76	\$ 46.34	\$ 44.57	\$ 43.34
\$ 103.23	\$ 100.83	\$ 98.26	\$ 98.26	\$ 95.50	\$ 92.66	\$ 89.13	\$ 86.68
\$ 165.20	\$ 161.35	\$ 157.24	\$ 157.24	\$ 152.82	\$ 148.28	\$ 142.63	\$ 138.70
\$ 7.23	\$ 7.06	\$ 6.88	\$ 6.88	\$ 6.69	\$ 6.49	\$ 6.24	\$ 6.07
\$ 3.54	\$ 3.46	\$ 3.37	\$ 3.37	\$ 3.28	\$ 3.18	\$ 3.06	\$ 2.98
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 0.31	\$ 0.30	\$ 0.29	\$ 0.29	\$ 0.28	\$ 0.27	\$ 0.26	\$ 0.25

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
(Not Including the Western Region Service Area)

Last Ten Fiscal Years

	2023	2022	2021
CUSTOMER ACCOUNT FEE			
(per meter)	N/A	N/A	N/A
POTABLE WATER RATES			
Base Facility Fee			
5/8" x 3/4"	\$ 33.49	\$ 32.50	\$ 31.70
1"	\$ 116.94	\$ 113.50	\$ 110.70
1 1/2 "	\$ 210.86	\$ 204.65	\$ 199.60
2"	\$ 369.17	\$ 358.30	\$ 349.45
3"	\$ 884.55	\$ 858.49	\$ 837.29
4"	Analysis	Analysis	Analysis
6" and larger based on projected water usage			
Commodity Fee per thousand gallons			
5/8" x 3/4"			
0-14	\$ 1.44	\$ 1.40	\$ 1.37
Over 14	\$ 3.34	\$ 3.24	\$ 3.16
1"			
0-57	\$ 1.44	\$ 1.40	\$ 1.37
Over 57	\$ 3.34	\$ 3.24	\$ 3.16
1 1/2 "			
0-94	\$ 1.44	\$ 1.40	\$ 1.37
Over 94	\$ 3.34	\$ 3.24	\$ 3.16
2"			
0-138	\$ 1.44	\$ 1.40	\$ 1.37
Over 138	\$ 3.34	\$ 3.24	\$ 3.16
3"			
0-557	\$ 1.44	\$ 1.40	\$ 1.37
Over 557	\$ 3.34	\$ 3.24	\$ 3.16
4"			
0-675	Analysis	Analysis	Analysis
Over 675	Analysis	Analysis	Analysis
6" and above			
All usage	Analysis	Analysis	Analysis
0-675	N/A	N/A	N/A
Over 675	N/A	N/A	N/A

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

These rates do not apply to approximately 10% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System (for FYs 2007 to FY 2016) Effective October 1, 2016, the FY 2017 rates apply to the customers in the Royal Palm Beach service area.

Rates effective with billings on October 1 of fiscal year unless otherwise indicated

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 27.82	\$ 27.17	\$ 26.48	\$ 25.74	\$ 24.98	\$ 24.03	\$ 23.37
\$ 94.74	\$ 92.53	\$ 90.18	\$ 87.64	\$ 85.04	\$ 81.80	\$ 79.55
\$ 150.73	\$ 147.22	\$ 143.47	\$ 139.44	\$ 135.30	\$ 130.14	\$ 126.56
\$ 255.71	\$ 249.76	\$ 243.40	\$ 236.56	\$ 229.54	\$ 220.79	\$ 214.71
\$ 677.39	\$ 661.62	\$ 644.78	\$ 626.65	\$ 608.05	\$ 584.88	\$ 568.78
\$ 1,044.85	\$ 1,020.52	\$ 994.55	\$ 966.58	\$ 937.88	\$ 902.14	\$ 877.31
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
\$ 4.74	\$ 4.63	\$ 4.51	\$ 4.38	\$ 4.25	\$ 4.09	\$ 3.98
\$ 1.73	\$ 1.69	\$ 1.65	\$ 1.60	\$ 1.55	\$ 1.49	\$ 1.45
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL POTABLE WATER AND WASTEWATER RATES
(Not Including the Western Region Service Area)
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
WASTEWATER RATES			
Base Facility Fee			
5/8" x 3/4"	\$ 45.12	\$ 43.79	\$ 42.71
1"	\$ 157.58	\$ 152.94	\$ 149.16
1 1/2 "	\$ 284.13	\$ 275.76	\$ 268.95
2"	\$ 497.45	\$ 482.80	\$ 470.88
3"	\$ 1,191.91	\$ 1,156.80	\$ 1,128.23
4"	Analysis	Analysis	Analysis
6" and larger based on projected water usage			
Commodity Fee per thousand gallons			
water - all metered usage	\$ 2.58	\$ 2.50	\$ 2.44

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

These rates do not apply to approximately 10% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System (for FYs 2007 to FY 2016) Effective October 1, 2016, the FY 2017 rates apply to the customers in the Royal Palm Beach service area.

Rates effective with billings on October 1 of fiscal year unless otherwise indicated

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 34.99	\$ 34.18	\$ 33.31	\$ 32.37	\$ 31.41	\$ 30.21	\$ 29.38
\$ 133.86	\$ 130.74	\$ 127.41	\$ 123.83	\$ 120.15	\$ 115.57	\$ 112.39
\$ 218.71	\$ 213.62	\$ 208.18	\$ 202.33	\$ 196.32	\$ 188.84	\$ 183.64
\$ 391.94	\$ 382.81	\$ 373.07	\$ 362.58	\$ 351.82	\$ 338.41	\$ 329.10
\$ 1,006.10	\$ 982.67	\$ 957.66	\$ 930.73	\$ 903.10	\$ 868.68	\$ 844.77
\$ 1,539.75	\$ 1,503.90	\$ 1,465.63	\$ 1,424.41	\$ 1,382.12	\$ 1,329.45	\$ 1,292.86
\$ 2.34	\$ 2.29	\$ 2.23	\$ 2.17	\$ 2.11	\$ 2.03	\$ 1.97

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including the Western Region Service Area)
 Last Ten Fiscal Years

	2023	2022	2021
CUSTOMER ACCOUNT FEE (per meter)	N/A	N/A	N/A
FIRE LINE RATES			
Base Facility Fee per size of backflow device			
2"	\$ 23.52	\$ 22.83	\$ 22.27
3"	\$ 56.37	\$ 54.71	\$ 53.36
4"	\$ 94.10	Analysis	Analysis
6"	\$ 211.74	Analysis	Analysis
8"	\$ 376.42	Analysis	Analysis

Commodity Fee per thousand gallons:
 see non-residential commodity rates on page 78.

Notes:

Rate changes must be approved by the Palm Beach County, Florida, Board of County Commissioners.

These rates do not apply to approximately 10% of the Department's customers in the service areas acquired through the purchase of the Village of Royal Palm Beach's Utility System (for FYs 2007 to FY 2016) Effective October 1, 2016, the FY 2017 rates apply to the customers in the Royal Palm Beach service area.

Rates effective with billings on October 1 of fiscal year unless otherwise indicated

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 16.45	\$ 16.07	\$ 15.66	\$ 15.22	\$ 14.77	\$ 14.21	\$ 13.82
\$ 30.98	\$ 30.26	\$ 29.49	\$ 28.66	\$ 27.81	\$ 26.25	\$ 26.01
\$ 51.62	\$ 50.42	\$ 49.14	\$ 47.76	\$ 46.34	\$ 44.57	\$ 43.34
\$ 103.23	\$ 100.83	\$ 98.26	\$ 95.50	\$ 92.66	\$ 89.13	\$ 86.68
\$ 165.20	\$ 161.35	\$ 157.24	\$ 152.82	\$ 148.28	\$ 142.63	\$ 138.70

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
MONTHLY NON-RESIDENTIAL FIRE LINE AND RECLAIMED WATER RATES
(Not Including the Western Region Service Area)
Last Ten Fiscal Years

	2023 ⁽¹⁾	2022 ⁽¹⁾	2021 ⁽¹⁾
CUSTOMER ACCOUNT FEE			
(per meter)	N/A	N/A	N/A
RECLAIMED WATER RATES			
Base Facility Fee			
5/8" x 3/4"	\$ 8.17	\$ 7.93	\$ 7.73
5/8" x 3/4" (connection fee paid)	\$ 4.02	\$ 3.90	\$ 3.80
1"	\$ 43.59	\$ 42.31	\$ 41.27
1" (connection fee paid)	\$ 21.44	\$ 20.81	\$ 20.30
1 1/2 "	\$ 109.05	\$ 105.84	\$ 103.23
1 1/2 " (connection fee paid)	\$ 53.67	\$ 52.09	\$ 50.80
2"	\$ 234.47	\$ 227.56	\$ 221.94
2" (connection fee paid)	\$ 115.38	\$ 111.98	\$ 109.21
3"	\$ 512.59	\$ 497.49	\$ 485.20
3" (connection fee paid)	\$ 252.24	\$ 244.81	\$ 238.76
4"	\$ 1,401.41	\$ 1,360.13	\$ 1,326.54
4" (connection fee paid)	\$ 689.63	\$ 669.32	\$ 652.79
6"	\$ 2,993.67	\$ 2,905.49	\$ 2,833.74
6" (connection fee paid)	\$ 1,473.17	\$ 1,429.78	\$ 1,394.47
8"	\$ 5,322.07	\$ 5,165.30	\$ 5,037.74
8" (connection fee paid)	\$ 2,618.95	\$ 2,541.81	\$ 2,479.04
10"	\$ 8,288.43	\$ 8,044.29	\$ 7,845.64
10" (connection fee paid)	\$ 4,078.70	\$ 3,958.56	\$ 3,860.80
Commodity Fee per thousand gallons	\$ 0.33	\$ 0.32	\$ 0.31

Notes:

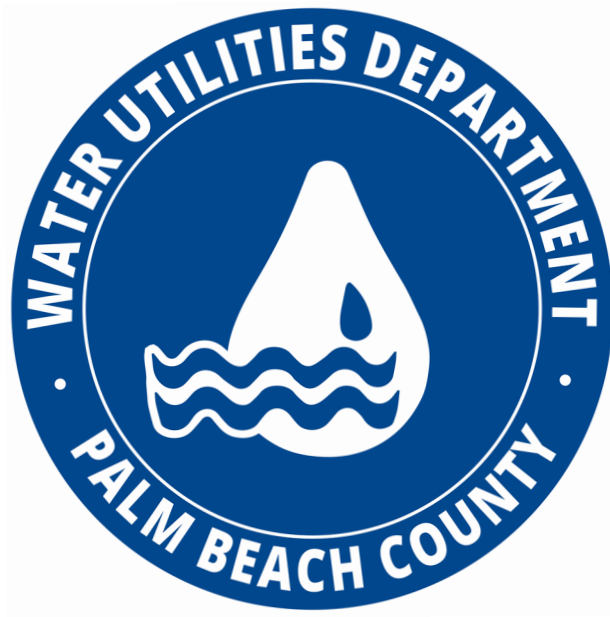
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Rates effective with billings on October 1 of fiscal year unless otherwise indicated

(1) A 20% discount applies to Reclaimed Water rates for lake delivery services.

2020 ⁽¹⁾	2019 ⁽¹⁾	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 7.73	\$ 7.55	\$ 7.36	\$ 7.15	\$ 6.94	\$ 6.68	\$ 6.50
\$ 3.80	\$ 3.71	\$ 3.62	\$ 3.52	\$ 3.42	\$ 3.29	\$ 3.20
\$ 41.27	\$ 40.31	\$ 39.28	\$ 38.18	\$ 37.05	\$ 35.64	\$ 34.66
\$ 20.30	\$ 19.83	\$ 19.33	\$ 18.79	\$ 18.23	\$ 17.54	\$ 17.06
\$ 103.23	\$ 100.83	\$ 98.26	\$ 95.50	\$ 92.66	\$ 89.13	\$ 86.68
\$ 50.80	\$ 49.62	\$ 48.36	\$ 47.00	\$ 45.60	\$ 43.86	\$ 42.65
\$ 221.94	\$ 216.77	\$ 211.25	\$ 205.31	\$ 199.21	\$ 191.62	\$ 186.35
\$ 109.21	\$ 106.67	\$ 103.96	\$ 101.04	\$ 98.04	\$ 94.30	\$ 91.70
\$ 485.20	\$ 473.90	\$ 461.84	\$ 448.85	\$ 435.52	\$ 418.92	\$ 407.39
\$ 238.76	\$ 233.20	\$ 227.27	\$ 220.88	\$ 214.32	\$ 206.15	\$ 200.48
\$ 1,326.54	\$ 1,295.65	\$ 1,262.68	\$ 1,227.17	\$ 1,190.74	\$ 1,145.36	\$ 1,113.84
\$ 652.79	\$ 637.59	\$ 621.36	\$ 603.89	\$ 585.96	\$ 563.63	\$ 548.12
\$ 2,833.74	\$ 2,767.76	\$ 2,697.32	\$ 2,621.47	\$ 2,543.64	\$ 2,446.70	\$ 2,379.36
\$ 1,394.47	\$ 1,362.00	\$ 1,327.34	\$ 1,290.01	\$ 1,251.71	\$ 1,204.01	\$ 1,170.87
\$ 5,037.74	\$ 4,920.44	\$ 4,795.22	\$ 4,660.37	\$ 4,522.01	\$ 4,349.67	\$ 4,229.96
\$ 2,479.04	\$ 2,421.32	\$ 2,359.70	\$ 2,293.34	\$ 2,225.26	\$ 2,140.45	\$ 2,081.54
\$ 7,845.64	\$ 7,662.96	\$ 7,467.95	\$ 7,257.94	\$ 7,042.47	\$ 6,774.07	\$ 6,587.64
\$ 3,860.80	\$ 3,770.90	\$ 3,674.94	\$ 3,571.60	\$ 3,465.57	\$ 3,333.49	\$ 3,241.75
\$ 0.31	\$ 0.30	\$ 0.29	\$ 0.28	\$ 0.27	\$ 0.26	\$ 0.25



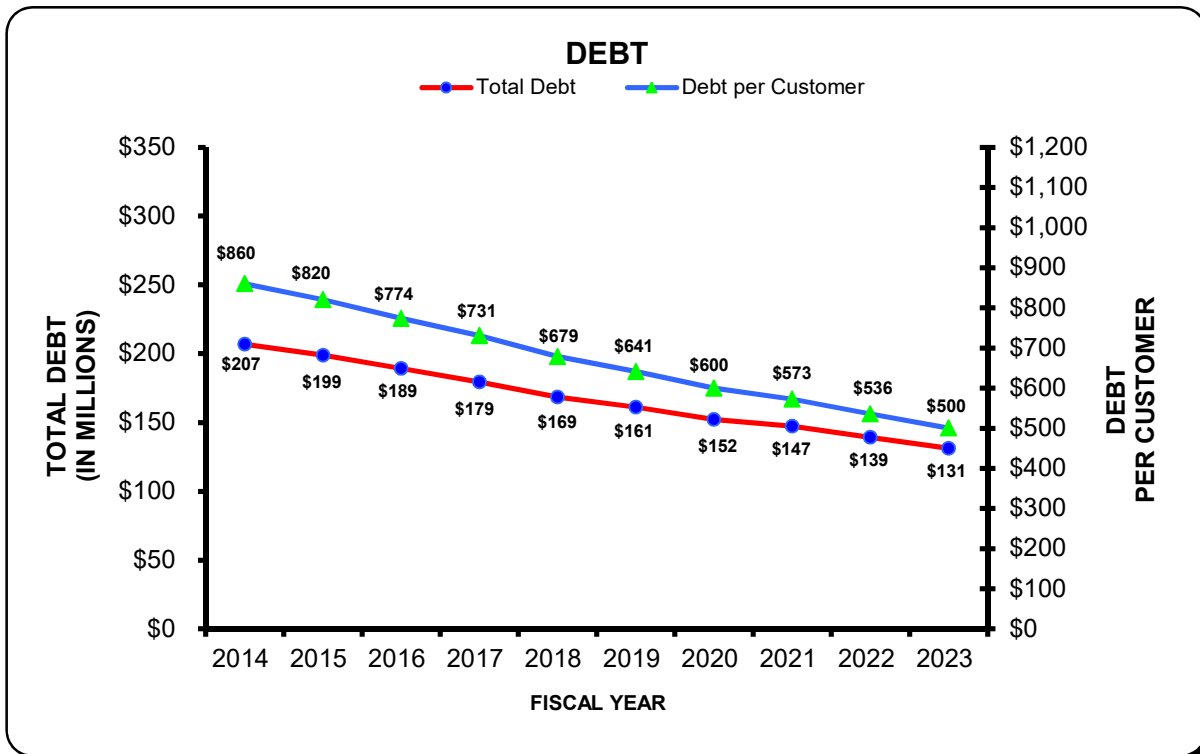
DEBT CAPACITY INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
RATIO OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

	Water & Sewer Revenue Bonds	Total Debt	Debt per Customer
2023	\$131,206,717	\$131,206,717	\$500
2022	139,247,032	139,247,032	536
2021	147,288,682	147,288,682	573
2020	152,267,968	152,267,968	600
2019	161,140,961	161,140,961	641
2018	168,602,532	168,602,532	679
2017	179,408,076	179,408,076	731
2016	189,374,522	189,374,522	774
2015	198,976,869	198,976,869	820
2014	206,986,215	206,986,215	860

Notes:

Although neither the State of Florida nor Palm Beach County set a legal debt limit, the bond covenants stipulate that the Department may issue debt as long as certain conditions are met. The major criterion is that the Department establishes rates and fees sufficient to provide net revenues and connection fees that are at least 1.25 times the annual debt service requirements. Number of customers is defined as the number of potable water dwelling units served. See page 72 for customer data.

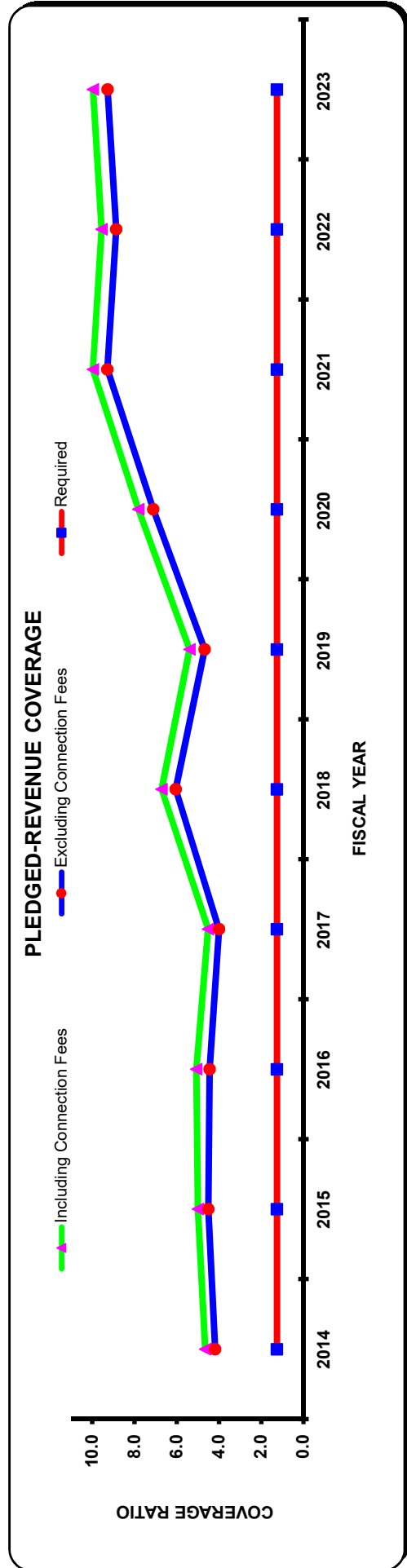


PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

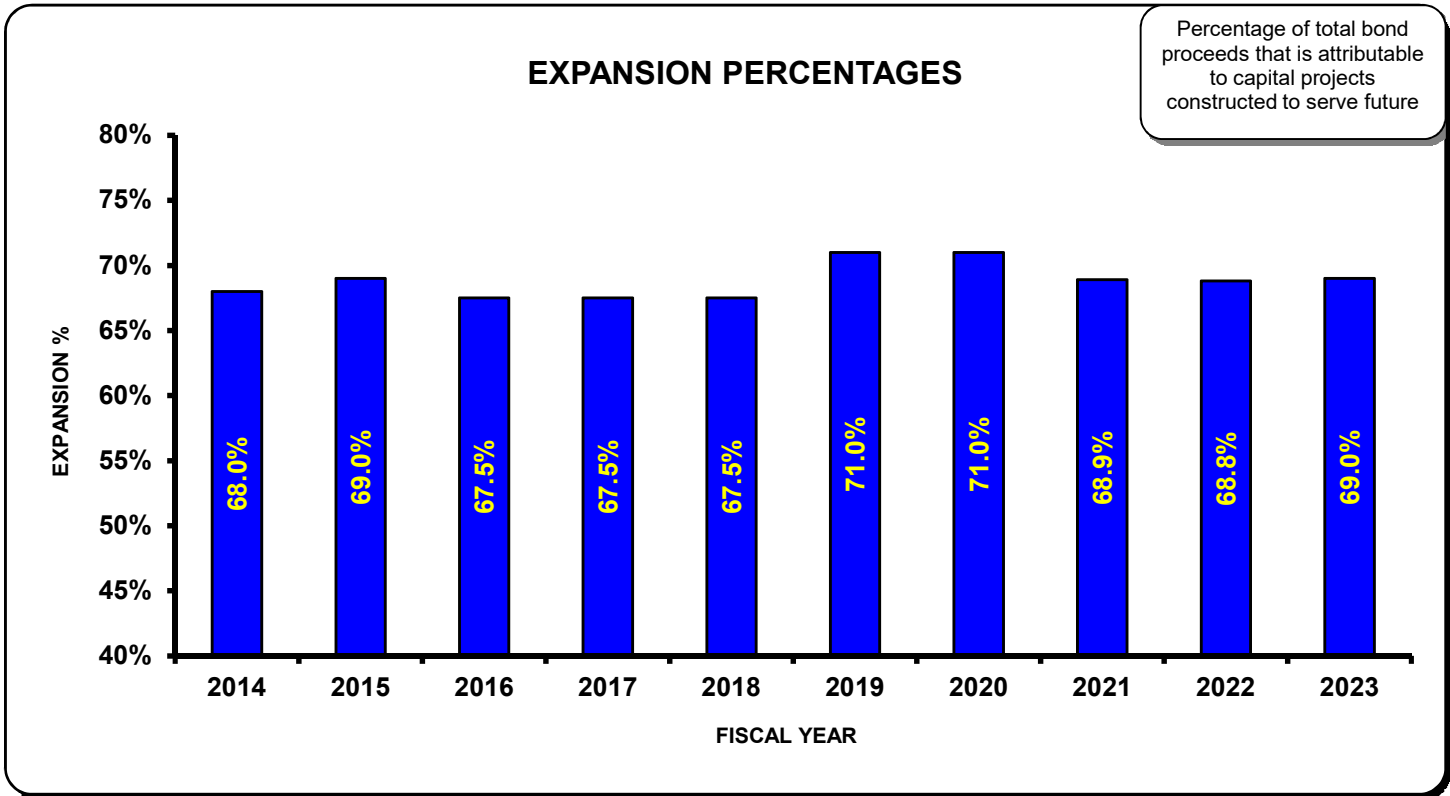
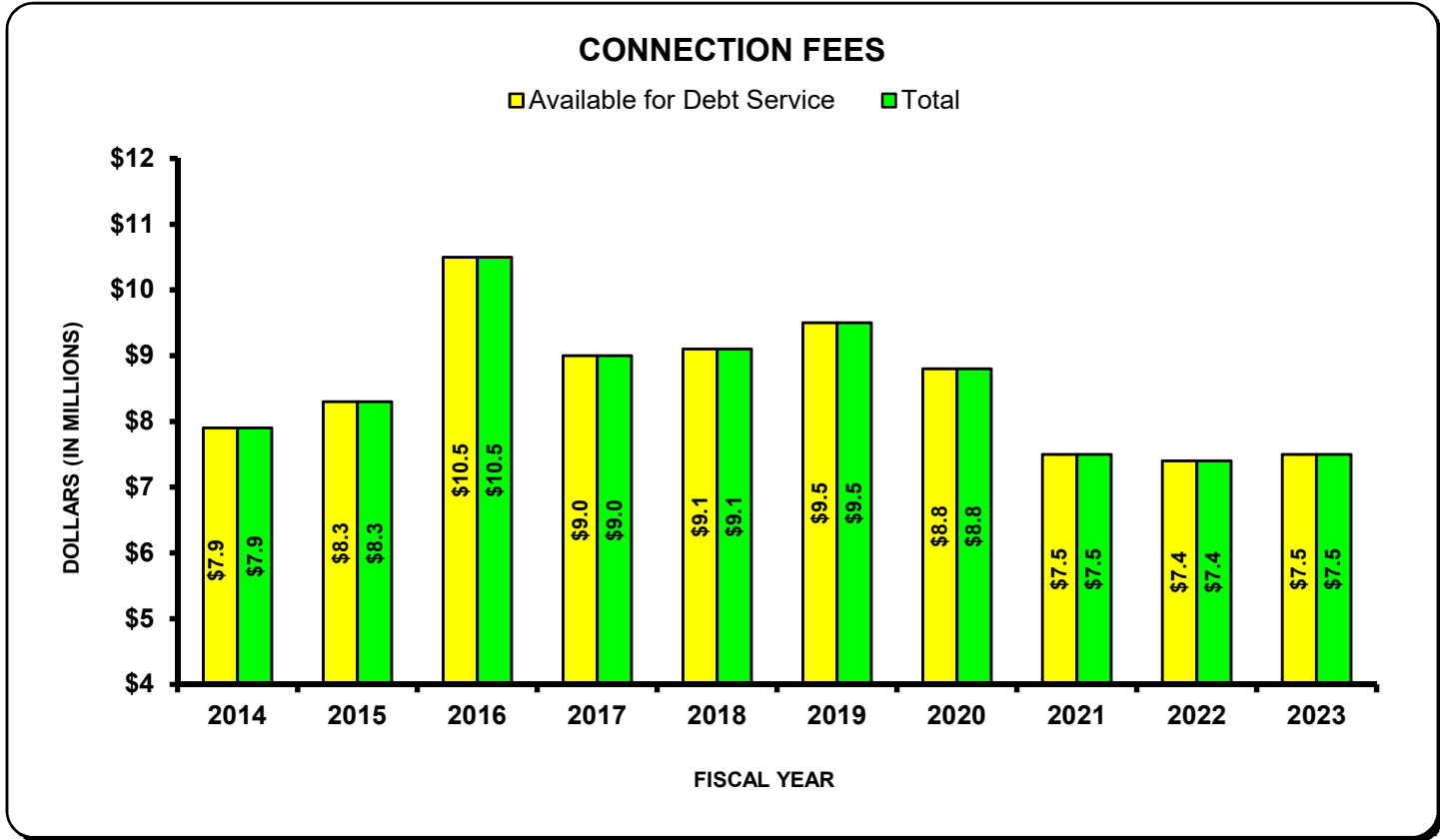
Fiscal Year Ended Sept 30	Operating			Nonoperating		Available for Debt Service			Debt Service Requirements			Coverage Ratio	
	Revenues	Expenses ⁽¹⁾	Expenses ⁽²⁾	Revenues	(Expenses) ⁽²⁾	Net Revenues	Connection Fees ⁽³⁾	Revenues & Connection Fees	Principal	Interest	Total Debt Service	Excluding Connection Fees	Including Connection Fees
2023	\$241,104,459	\$168,506,522	\$26,237,963	\$98,835,900	\$7,467,340	\$106,303,240	\$7,586,947	\$3,235,285	\$10,822,232	9.13x	9.82x		
2022	232,370,579	148,192,456	11,820,224	95,998,347	7,444,278	103,442,625	7,337,217	3,482,954	10,820,171	8.87	9.56		
2021 ⁽⁴⁾	226,563,800	136,788,832	11,837,274	101,612,242	7,545,916	109,158,158	7,095,688	3,856,295	10,951,983	9.28	9.97		
2020	217,976,818	143,044,280	12,890,566	87,823,104	8,764,242	96,587,346	6,344,327	5,999,676	12,344,003	7.11	7.82		
2019	204,973,971	158,226,435	16,083,547	62,831,083	9,524,019	72,355,102	6,487,969	6,926,142	13,414,111	4.68	5.39		
2018	197,208,287	127,029,860	11,664,831	81,843,258	9,132,437	90,975,695	6,352,142	7,177,394	13,529,536	6.05	6.72		
2017	193,040,161	133,440,305	10,565,010	70,164,866	8,970,138	79,135,004	9,938,514	7,597,348	17,535,862	4.00	4.51		
2016	186,213,992	124,274,303	11,936,492	73,876,181	10,530,256	84,406,437	8,675,180	7,972,045	16,647,225	4.44	5.07		
2015	176,803,449	116,443,238	14,514,826	74,875,037	8,271,112	83,146,149	8,166,052	8,464,578	16,630,630	4.50	5.00		
2014	169,940,052	111,815,585	11,053,141	69,177,608	7,902,936	77,080,544	7,630,891	8,938,050	16,568,941	4.18	4.65		

Notes:

- ⁽¹⁾ Operating expenses exclude depreciation and amortization and equity interest in net (income) loss of joint venture.
- ⁽²⁾ Nonoperating revenues (expenses) exclude interest on debt, gain or loss on disposal of fixed assets, and grants.
- ⁽³⁾ Represents the lesser of the expansion percentage (see page 92) times the debt service in a given fiscal year or the connection fees in that year.
- ⁽⁴⁾ Amounts restated per GASB 87 & 89.



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
CONNECTION FEES & EXPANSION PERCENTAGES
 Last Ten Fiscal Years



DEMOGRAPHIC AND ECONOMIC INFORMATION

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
DEMOGRAPHIC AND ECONOMIC STATISTICS FOR PALM BEACH COUNTY
Last Ten Fiscal Years

<u>Year</u>	<u>Population</u>	<u>Personal Income (000)</u>	<u>Per Capita Personal Income</u>	<u>Civilian Labor Force</u>	<u>Unemployment Rate</u>
2023	1,532,718	N/A	N/A	780,272	2.9%
2022	1,518,152	\$165,598,174	\$108,042	762,722	2.7
2021	1,502,495	140,843,515	92,773	747,157	4.4
2020	1,466,494	131,435,258	87,478	701,775	7.5
2019	1,447,857	124,632,614	83,268	739,891	3.3
2018	1,433,417	118,519,249	79,760	729,972	3.5
2017	1,414,144	109,973,732	74,754	726,467	4.2
2016	1,391,741	103,876,015	71,946	701,993	4.8
2015	1,378,417	97,806,900	68,743	685,491	5.3
2014	1,360,248	93,526,272	66,914	669,252	6.0

N/A = not available

Sources:

Florida Legislature, Office of Economic and Demographic Research
Florida Agency for Workforce Innovation, Labor Market Statistics Center,
Local Area Unemployment Statistics Program, In cooperation
with the U.S. Department of Labor, Bureau of Labor Statistics.

Notes:

Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

Since statistics are not available for the service area only, demographic and economic statistics are presented for the entire County.

Population and income data are per calendar year.

Income data for 2023 is not available.

Personal Income data and Per Capita Income data are revised annually.

Labor Force data and Unemployment data are for September of each year.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
PRINCIPAL EMPLOYERS IN PALM BEACH COUNTY
Current Year and Nine Years Ago

EMPLOYER	2023			2014		
	Employees	Rank	%	Employees	Rank	%
Palm Beach County School District	22,218	1	2.85%	21,449	1	3.20%
Palm Beach County Government	12,719	2	1.63%	11,626	2	1.74%
Tenet Healthcare Group (3)	5,734	3	0.73%	6,100	3	0.91%
NextEra Energy (Florida Power & Light)	5,598	4	0.72%	3,804	4	0.57%
Florida Atlantic University (3)	5,059	5	0.65%	2,980	6	0.45%
Boca Raton Regional Hospital (3)	3,135	6	0.40%	2,250	10	0.34%
Veterans Health Administration	2,948	7	0.38%	2,700	8	0.40%
Jupiter Medical Center	2,540	8	0.33%	-	-	-
Hospital Corporation of America (HCA) (1)	2,612	9	0.33%	2,714	7	0.41%
The Breakers (3)	2,300	10	0.29%	-	-	-
Bethesda Hospital East/West (2)	-	-	-	2,643	9	0.39%
G4S	-	-	-	3,000	5	0.45%
Total	64,863		8.31%	59,266		8.86%
Balance from other employers	715,409		91.69	609,986		91.14
Grand totals	780,272		100.00	669,252		100.00

Source: Business Development Board of Palm Beach County

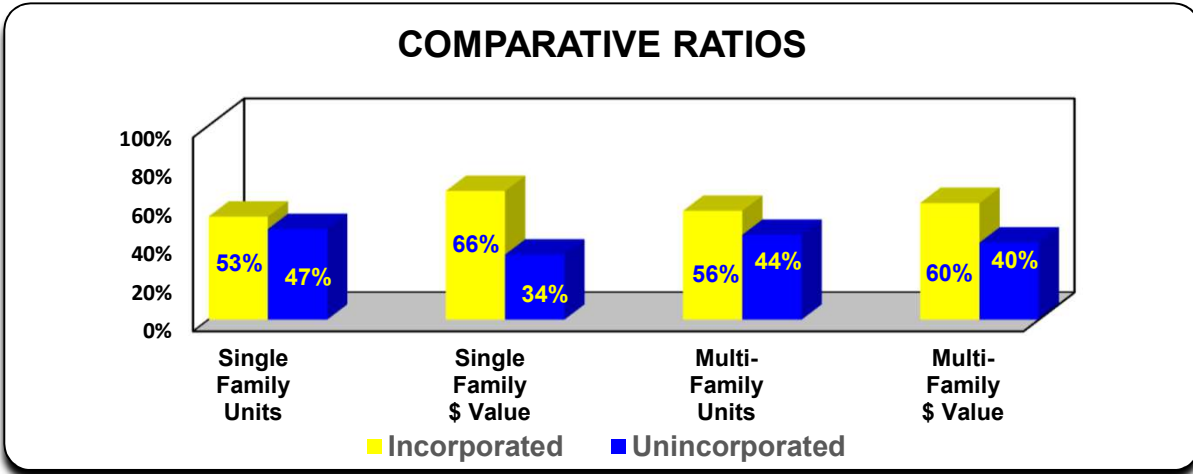
Notes:

- (1) Formerly Columbia Palm Beach Health Care System, Inc
- (2) Formerly Bethesda Memorial Hospital
- (3) 2023 updated figures unavailable at the time of publication

Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

Since statistics are not available for the service area only, demographic and economic statistics are presented for the entire County.

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
RESIDENTIAL BUILDING PERMIT DATA FOR PALM BEACH COUNTY
 Unincorporated and Incorporated Areas
 Last Ten Years



NUMBER OF UNITS:

	Unincorporated		Incorporated		Total	
	Single Family	Multi-Family	Single Family	Multi-Family	Single Family	Multi-Family
2023	1,500	948	1,705	1,215	3,205	2,163
2022	1,445	646	1,725	2,237	3,170	2,883
2021	2,526	1,189	2,148	2,538	4,674	3,727
2020	2,280	1,933	1,640	913	3,920	2,846
2019	1,843	888	1,342	1,554	3,185	2,442
2018	1,720	112	1,284	1,784	3,004	1,896
2017	1,733	391	946	1,610	2,679	2,001
2016	1,258	733	1,102	2,026	2,360	2,759
2015	1,756	260	1,033	1,306	2,789	1,566
2014	1,299	443	1,134	1,084	2,433	1,527
Totals	17,360	7,543	14,059	16,267	31,419	23,810

VALUE (in millions):

	Unincorporated		Incorporated		Total	
	Single Family	Multi-Family	Single Family	Multi-Family	Single Family	Multi-Family
2023	\$440	\$166	\$869	\$251	\$1,309	\$417
2022	564	84	853	338	1,417	422
2021	961	174	988	539	1,949	713
2020	819	282	649	222	1,468	504
2019	697	110	610	165	1,307	275
2018	589	21	519	174	1,108	195
2017	588	60	458	281	1,046	341
2016	430	132	440	278	870	410
2015	564	38	349	170	913	208
2014	477	57	433	178	910	235
Totals	\$6,129	\$1,124	\$6,168	\$2,596	\$12,297	\$3,720

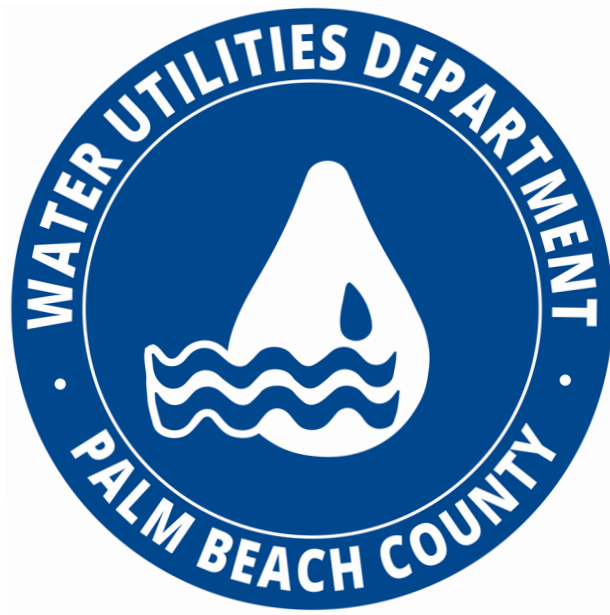
Source: Palm Beach County Planning, Zoning and Building Department

Notes: Data for calendar year.

Although the Department's service area is primarily unincorporated, some municipalities or parts of municipalities are included in the service area. See the Department's Service Area and Major Facilities map on page 10.

Since statistics are not available for the service area only, residential building permit data is presented for the entire County.

OPERATING INFORMATION



PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
NUMBER OF POSITIONS BY FUNCTION
Last Ten Fiscal Years

Function	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water:										
Treatment	128	127	127	127	127	120	120	103	103	100
Distribution	89	88	88	88	88	88	88	88	84	88
Wastewater:										
Treatment	59	58	58	58	57	56	57	41	41	38
Collection	115	115	113	113	113	113	113	89	84	92
Customer accounts	84	84	81	78	76	75	75	55	58	56
Administration	118	113	112	111	111	108	107	106	106	96
Western Region	-	-	-	-	-	-	-	65	65	62
Engineering	39	37	37	37	37	31	31	28	27	29
Total positions	<u>632</u>	<u>622</u>	<u>616</u>	<u>612</u>	<u>609</u>	<u>591</u>	<u>591</u>	<u>575</u>	<u>568</u>	<u>561</u>

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
INCREASE IN SERVICES:			
Potable water meters	1,688	1,793	2,204
Potable water dwelling units	2,549	2,535	3,435
Wastewater dwelling units	2,573	2,544	3,481
WATER SUPPLY, TREATMENT, AND DISTRIBUTION SYSTEMS:			
RAW WATER WELLS:			
Total Well Capacity (MGD)	157.11	157.11	157.11
Combined permitted Yearly Withdrawal (MG)	41,549	41,549	35,194
Combined permitted Maximum Daily Withdrawal (MGD)	125.02	125.02	140.33
TREATMENT PLANTS:			
Average finished water (MGD)	62.39	62.43	60.70
Primary plants	5	5	5
Combined permitted treatment capacity (MGD)	113.28	113.28	113.28
Plant 2 (West Lake Worth)	16.40	16.40	16.40
Plant 3 (West Delray)	30.00	30.00	30.00
Plant 8 (West Palm Beach)	30.00	30.00	30.00
Plant 9 (West Boca Raton)	26.88	26.88	26.88
Plant 11 (Western Region)	10.00	10.00	10.00
DISTRIBUTION SYSTEM:			
Miles of pipe	2,536	2,517	2,506
Storage tanks and repump stations	14	14	14
Repump stations	1	1	1
Emergency interconnects	23	23	23
Bulk meters	9	9	9
Fire hydrants	20,554	20,290	20,076
Valves	41,010	40,372	39,857
Air Release valves	738	746	744

Notes:

See pages 78 - 80 and 108 - 109 for additional operating statistics.

* Amounts restated due to reorganization of reporting categories.

<u>2020</u>	<u>2019</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
1,894	1,860	1,745	1,157	1,614	1,487	1,610
2,465	3,069	2,733	723	2,252	1,868	1,970
2,244	2,948	2,557	620	2,146	1,850	1,820
151.06	151.06	151.06	151.06	151.06	113.28	107.00
35,194	35,194	35,194	35,194	35,194	35,194	35,194
140.33	140.33	140.33	140.33	140.33	140.33	140.33
59.91	58.84	60.00	60.39	61.32	59.32	58.82
5	5	5	5	5	5	5
113.28	113.28	113.28	113.28	113.28	113.28	113.28
16.40	16.40	16.40	16.40	16.40	16.40	16.40
30.00	30.00	30.00	30.00	30.00	30.00	30.00
30.00	30.00	30.00	30.00	30.00	30.00	30.00
26.88	26.88	26.88	26.88	26.88	26.88	26.88
10.00	10.00	10.00	10.00	10.00	10.00	10.00
2,497	2,504	2,520	2,437	2,417	2,407	2,385
14	14	18	18	19	16	17
1	1	-	-	-	-	-
23	21	26	26	26	26	26
9	9	-	-	-	-	-
19,740	19,363	19,119	18,635	18,287	18,155	17,839
39,231	38,393	37,909	36,320	35,569	35,304	34,554
738	688	795	677	659	654	646

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
OPERATING AND CAPITAL ASSET STATISTICS
 Last Ten Fiscal Years

(continued) 2023 2022 2021

WASTEWATER COLLECTION AND TREATMENT SYSTEMS:

TREATMENT PLANTS:

Combined maximum 3-month average (MGD)	43.38	41.34	39.70
Combined annual average wastewater treated (MGD)	42.47	40.19	37.73
Primary wastewater plants	4	4	4
Combined permitted treatment capacity mgd	67.20	67.20	67.20
Southern Region Water Reclamation Facility	35.00	35.00	35.00
Department's share @ East Central Regional Wastewater Facilities	24.50	24.50	24.50
Western Region WWTP, Belle Glade	6.50	6.50	6.50
Western Region North WWTP, Pahokee	1.20	1.20	1.20

COLLECTION SYSTEM:

Miles of gravity wastewater line	1,355	1,346	1,339
Pump/Lift Stations	1,067	1,070	1,088
Repump Stations	6	6	6
Miles of force main	615	611	610
Valves	4,755	4,664	4,567
Air relief valves	853	858	868
Manholes	34,697	34,482	34,309

EFFLUENT DISPOSAL:

Deep injection wells	8	8	8
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RECLAIMED WATER:

Combined annual average reclaimed water (MGD)	28.36	30.08	29.56
Combined permitted for reclaimed water (MGD)	52.00	52.00	52.00
Wetlands combined permitted capacity (MGD)	5.00	5.00	5.00
Combined wetlands (MGD)	1.88	1.47	1.55
Green Cay Wetlands (MGD)	0.93	0.99	0.88
Wakodahatchee Wetlands (MGD)	0.95	0.48	0.67
Central Region Reclamation Facility Capacity (MGD)	3.00	3.00	3.00
Central Region Reclamation Facility (MGD)	0.49	0.44	0.49
Miles of pipe	73	69	69
Flush hydrants	126	118	118
Valves	788	740	734
Air Release Valves	125	119	70
Vacuum Release Valves	71	71	75
Repump Stations	1	1	1
Bulk Meters	3	3	3

Notes:

See pages 78 - 80 and 106 - 107 for additional operating statistics.

* Amounts restated due to reorganization of reporting categories.

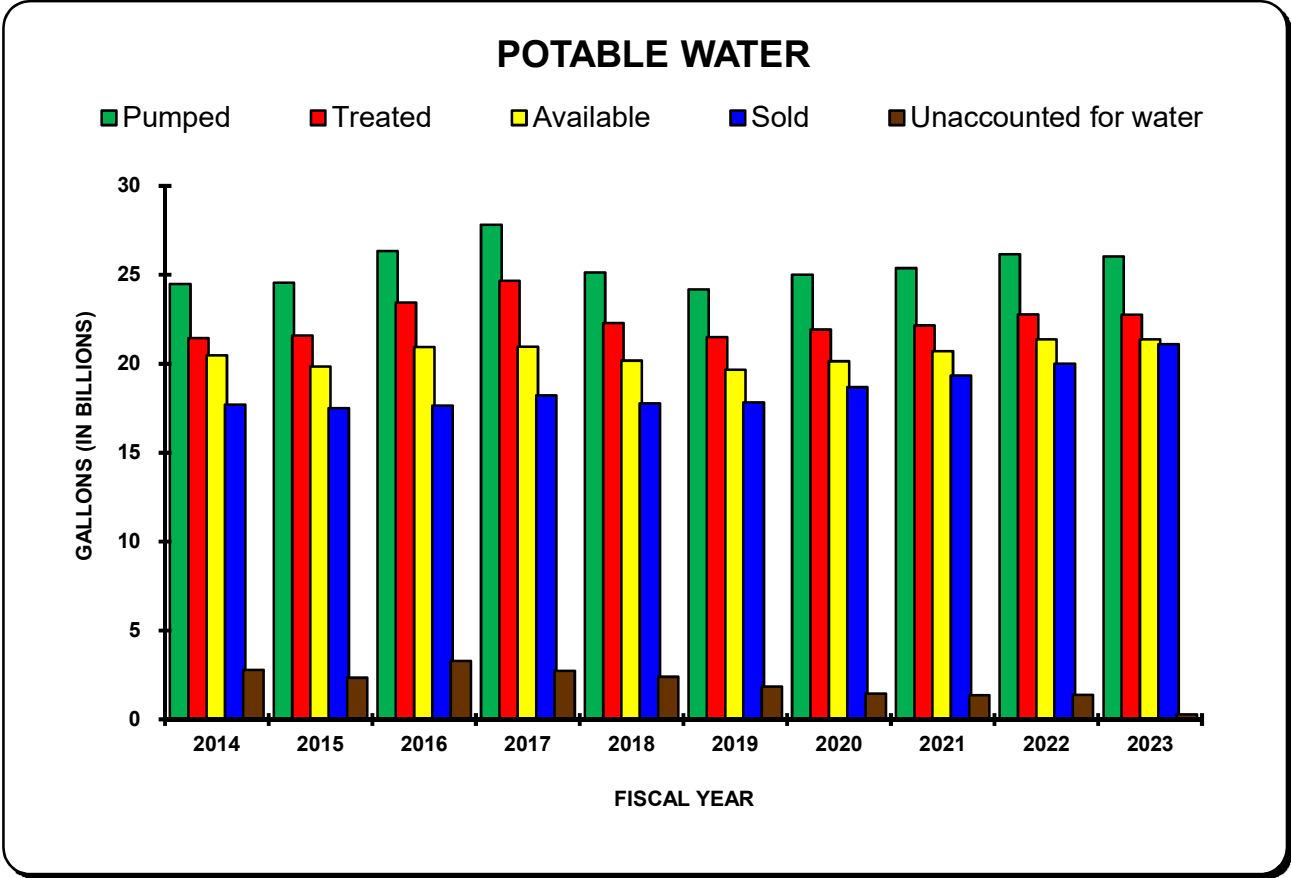
<u>2020</u>	<u>2019</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>
34.58	35.20	37.56	36.04	36.04	45.30	46.98
34.81	31.79	35.14	36.09	36.09	39.59	41.41
4	4	4	4	4	4	4
67.20	67.20	67.20	67.20	67.20	67.20	66.70
35.00	35.00	35.00	35.00	35.00	35.00	35.00
24.50	24.50	24.50	24.50	24.50	24.50	24.00
6.50	6.50	6.50	6.50	6.50	6.50	6.50
1.20	1.20	1.20	1.20	1.20	1.20	1.20
1,329	1,307	1,290	1,273	1,262	1,256	1,248
1,080	1,054	1,020	1,006	987	899	893
6	6	-	-	-	-	-
617	606	604	598	594	595	589
4,440	4,180	4,120	4,007	3,847	3,805	3,608
861	839	795	780	766	763	752
34,021	33,453	32,996	32,558	31,877	31,714	31,443
8	8	8	8	7	7	7
29.75	30.64	22.97	28.11	30.29	28.13	28.75
52.00	52.00	52.00	52.00	52.00	52.00	52.00
5.00	5.00	5.00	5.00	5.00	3.53	3.18
1.59	2.40	1.74	1.50	1.90	1.90	1.61
0.72	0.87	0.64	0.67	0.94	0.94	0.82
0.87	1.53	1.10	0.83	0.96	0.96	0.79
3.00	3.00	3.00	3.00	3.00	1.63	1.57
0.37	0.74	0.19	0.92	0.60	-	-
69	68	66	63	62	61	60
113	113	111	109	109	107	101
599	579	555	537	522	511	482
40	113	112	111	108	106	100

PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
POTABLE WATER VARIANCE ANALYSIS
 Last Ten Fiscal Years

(in million gallons)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pumped	26,035	26,166	25,380	24,997	24,182	25,125	27,814	26,349	24,563	24,495
Treated ⁽¹⁾	22,757	22,785	22,160	21,928	21,487	22,290	24,673	23,434	21,586	21,447
Available ⁽²⁾	21,376	21,369	20,703	20,136	19,667	20,173	20,953	20,943	19,843	20,476
Sold	21,096	19,995	19,333	18,683	17,819	17,774	18,211	17,654	17,500	17,695
Unaccounted for water	280	1,374	1,370	1,453	1,848	2,399	2,742	3,289	2,343	2,781
"Unaccounted for water" as a percentage of treated water	1.2%	6.0%	6.2%	6.6%	8.6%	10.8%	11.1%	14.0%	10.9%	13.0%

Notes:

- ⁽¹⁾ The variance between Pumped and Treated is accounted for by water used within the water plants.
- ⁽²⁾ The variance between Treated and Available is accounted for by water used system-wide for purposes such as hydrant flushing and lift station and wastewater plant use.

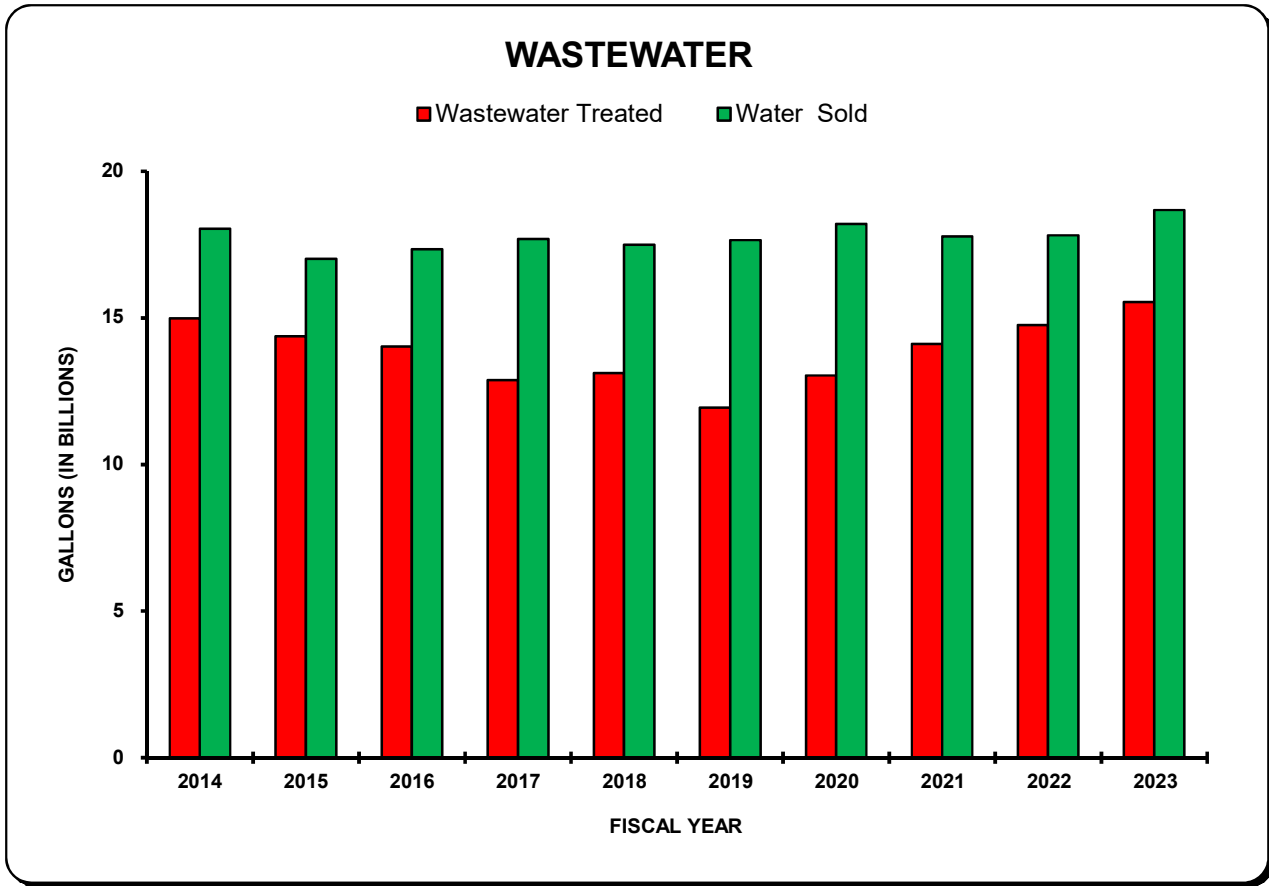


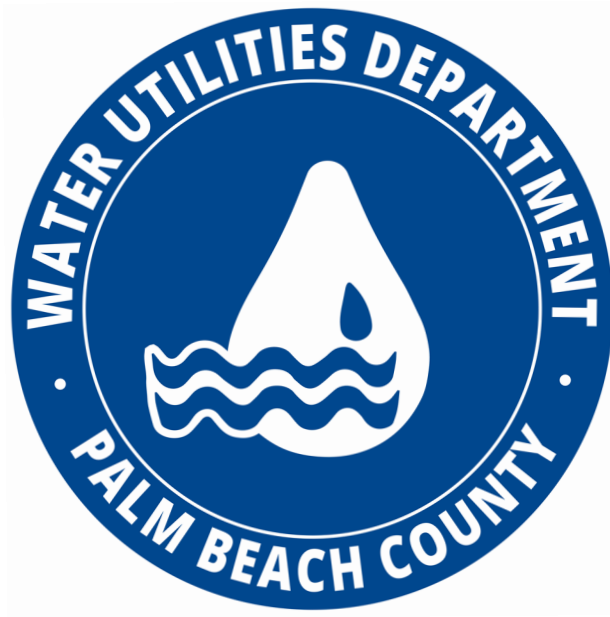
PALM BEACH COUNTY, FLORIDA
WATER UTILITIES DEPARTMENT
WASTEWATER TREATED
 Last Ten Fiscal Years

(in million gallons)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Department plants	9,067	8,616	8,724	8,009	7,545	7,954	7,910	8,860	9,702	9,807
ECR ⁽¹⁾	6,476	6,140	5,393	5,028	4,394	5,163	4,968	5,161	4,666	5,175
Total Treated	15,543	14,756	14,117	13,037	11,939	13,117	12,878	14,021	14,368	14,982
Daily Average	42.6	40.4	38.7	35.6	32.7	35.9	35.3	38.3	39.4	41.0

Notes:

⁽¹⁾ Per an Interlocal Agreement, at September 30, 2010 Palm Beach County owns 34.29% of the capacity at the East Central Regional Wastewater Facilities (ECR) operated by the City of West Palm Beach.





COMPLIANCE SECTION





RSM US LLP

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

Honorable Board of County Commissioners
Palm Beach County, Florida Water Utilities Department
Palm Beach County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Palm Beach County, Florida Water Utilities Department (the Department), an enterprise fund of Palm Beach County, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Department's financial statements, and have issued our report thereon dated March 28, 2024. Our report contained an emphasis of matter paragraph related to the basis of presentation of the basic financial statements. Our opinion was not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Fort Lauderdale, Florida
March 28, 2024



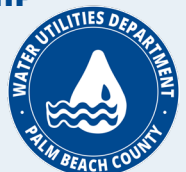
Photograph by Chet Davis



PALM BEACH COUNTY WATER UTILITIES DEPARTMENT

BEST WATER, BEST SERVICE & BEST ENVIRONMENTAL STEWARDSHIP



An Enterprise Fund Department of the Board of
County Commissioners for Palm Beach County, Florida



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